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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

THE WORLD ECONOMIC OUTLOOK

Summary of a Talk by Willard L. Thorp, Assistant Secretary of State for Economic Affairs before the Annual Agricultural Outlook Conference, Monday, October 29, 1951.

In general economic terms in the world as a whole, 1950 turned out to be the best peace-time year in history.

In this country, production for ourselves and to be shared with our neighbors abroad, was substantially larger than prewar. Our contributions to economic recovery and expansion in other countries had begun to bear fruit. However, for this country, as well as others of the North Atlantic Treaty Organization, the superimposing of a re-armament program on an already active civilian program has created problems, not only of shortages of raw materials and problems of allocations and controls, but also renewed problems with respect to balances of payments between Nations.

The North Atlantic Treaty Organization objective is peace. And our policy, and that of our allies, is that the only way to be sure of peace is to make ourselves so strong that no nation in the world would dare attack us. This has meant re-armament.

As long as we were producing mainly civilian goods in the postwar period, the increasing supplies of such goods tended to balance increases in purchasing power. But we have begun since the Korean outbreak to put more and more labor and raw materials into military goods, at the same time supplying a record volume of civilian demands. This has led to a growing scarcity of certain raw materials. Shortages of such raw materials as aluminum, copper and steel began to show up late in 1950. Shortages have had to be dealt with in two ways. First, by allocations, so as to use materials where they are needed most. Second, by efforts to increase the supplies by creating new production facilities and by new sources of raw materials in this and other countries.

For the present, the requirements for the development of such additional facilities pinches down on supplies, although the new facilities will lead to a better supply situation in the future.

There are also bottlenecks in manufactured goods, for example, electric generators, power equipment and structural steel. Many of the countries we are helping to get on their feet are calling upon us for such materials. But the shortages of manufactured goods are temporary, for we are expanding our capacity to produce these manufactured goods. The critical period for structural steel, for instance, is expected to last only about another year.

One of the big problems is to allocate scarce materials to the most urgent uses. This includes the making of arrangements with other countries to share supplies of essential goods, such as sulphur, copper and tungsten.

The increased shortages of civilian goods are appearing at the same time that purchasing power in the hands of consumers is expanding. This is the essence of inflation, and is putting pressure on price levels in many countries including our own. Various programs in the field of taxes and credits have been established to bring these forces into balance. However, the behavior of prices in many countries is a major disturbing element.

The nations of the North Atlantic Pact Organization have begun to re-arm and are looking to us for equipment. They are going to do their part but they can't do it all. As they change over to military production, the production of certain types of export goods is slowed down. This development, plus the rise in raw material prices, has affected foreign earnings and aggravated their dollar problem.

However, there is no longer a dollar shortage in all directions. Though dollars are scarce in the United Kingdom and other European countries, some countries are now accumulating dollars, notably the Latin American and some Asiatic countries.

The international economic situation is not solely one of the impact of the re-armament program. There is much discontent in the world probably because people know more about the rest of the world than ever before. People in back corners of the globe have heard of the good things of life. They are demanding better things . . . This discontent can be dangerous, but it also can be an instrument of progress. While they can't achieve everything they want all at once, we can at least, through Point IV and other programs, help set them on the road to progress and hope.

We anticipate in this country a steady rise in overall productivity but in view of the fact that a large part of it is going into re-armament there will be a period in which there will be very little increase, if any, in the production of civilian goods. But once we have set the pace required for re-armament then whatever further increase in productivity will show up in civilian production. Toward the end of 1952, we ought to be at the peak of the armament pressure upon our economy, and things will ease thereafter in the civilian part of the economy. A somewhat similar pattern will show up in other countries.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Administration
Bureau of Human Nutrition and Home Economics

ESTIMATING FAMILY FOOD COST

Talk by Berta Friend, Family Economics Division, at the
29th Annual Agricultural Outlook Conference, Washington, D. C.,
October 30, 1951

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In these days of rising prices, the cost of food is important to many groups of people. Periodically, welfare agencies must determine money allowances that can be expected to furnish adequate diets for recipients. Labor and management groups are interested in the change in food costs from one period to another. Farmers are concerned with the difference between prices received for the things they sell and the prices paid for the things they buy. The homemaker watches the effect of rising prices on her family food budget. Because of this great interest, various measures of food cost have become important in our everyday life and are used to a much greater extent than ever before.

Two general approaches to the measurement of food costs have been used most frequently. One approach is to measure change from time-to-time as is done in the Bureau of Labor Statistics "Retail Food Price Index" and the Bureau of Agricultural Economics "Food and Tobacco Index." The second approach is to give a dollar value for fixed quantities of food as in the Bureau of Agricultural Economics "Market Basket" and in the cost estimates of the Bureau of Human Nutrition and Home Economics low- and moderate-cost food plans. Each of these measures was developed to satisfy a specific need and is of greatest value when used for the intended purpose. Therefore, similarities and differences among these measures of food cost and how they can best be used should be well understood.

The Retail Food Price Index

The BLS' Retail Food Price Index measures time-to-time changes in the retail prices of food purchased by moderate-income families living in large cities. It indicates the relationship between the cost of fixed quantities of food during a base period with the cost of these same quantities at later periods. It is a component of the Consumers' Price Index which was developed during World War I and recently widely used in wage negotiations.

The general method used in developing the Retail Food Price Index is shown in the accompanying chart. The quantities of foods purchased by wage earners and moderate-income families in large cities in 1934-36, were used as quantity weights. The total cost of these quantities for the base period was obtained by applying 1935-39 average retail prices for large cities; the same procedure is repeated monthly using current prices. The relationship between the cost of food at current prices and in the base period is shown as an index.

MEASURES OF CHANGE IN THE PRICE OF FOOD

Published form

Bureau of Labor Statistics'
Retail Food Index
Component of
Consumers' Price Index
(For moderate-income families
in large cities)

Quantity weights

Food purchased
by
moderate-income families
in large cities
1934-36*

Prices

Current prices
Average retail
prices by cities
1935-39
Average retail
prices by cities

Current
food cost
1935-39
food cost

226.9

June 1951 value

Bureau of Agricultural
Economics'
Food and Tobacco Index
Component of Parity
Index
(For farm families)

Food purchased
by
farm families,
all incomes
1935-36 and 1942**

Current prices
paid by farmers
1935-39***
prices paid
by farmers

Current
food cost
1935-39
food cost

229.9

*Based on 1934-36 Wage Earners and Lower-Salaried Clerical Workers.

**Based on 1935-36 Consumer Purchases Study and 1942 Study of Family Spending and Saving in Wartime.

***Index published in Rural Family Living converted to 1935-39 base.

Because the rate of price change is one of the most important factors affecting the cost of food over short spans of time, this index provides an acceptable approximation of the change in cost of food for urban workers. On the other hand, it does not take into account any change in spending patterns that occurs over long periods of time. Postwar studies indicate that increased incomes, higher prices, and new processed foods on the market have caused consumers to change some of their buying habits. At present, therefore, the Bureau of Labor Statistics is revising the quantity weights on the basis of its 1950 national expenditure survey. While this is being done, such popular items as frozen foods and canned baby foods have been added to the "Interim Revision" of the food index. Changes made so far in the food sub-group weights are comparatively small.

BAE Food and Tobacco Index

The BAE "Food and Tobacco Index" measures time-to-time changes in the retail prices of food and tobacco purchased by farmers. The quantity weights used in the BAE index are based on food purchases of farm families of all income groups in 1935-36 and 1942; the prices are those paid by farmers as reported by stores in which the farmers do their buying.

The primary purpose of this index is to show change in the general level of farm purchasing power. It is part of the Index of Prices Paid by Farmers used in the parity price formula which estimates the difference between what a farmer receives for the products he sells and what he pays for the things he buys.

The BAE Market Basket

The BAE "Market Basket" was designed to measure marketing charges and the share of the retail dollar received by farmers. It gives the yearly estimates, in dollar figures, of the "retail cost of 1935-39 average annual purchases of food products by a family of three average consumers."

As the accompanying chart shows the amounts of food upon which this cost is based are the average quantities of "domestically produced farm foods" sold to U. S. consumers in 1935-39. By applying retail prices paid by farmers and BLS average U. S. prices, the current cost, per person, is obtained. This cost, multiplied by three, provides an estimate of the yearly cost for "three average consumers."

Sometimes the cost of the Market Basket is erroneously quoted as representing total cost of food for a family of three--the usual concept of a market basket. Actually, it does not do this because the cost excludes products which are imported such as sugar, coffee, and bananas, foods that are of nonfarm origin, such as fish, and foods consumed in households on farms where produced. During the prewar years, 1935-39, it is estimated that these three categories would have added about one-third to the retail cost of the Market Basket.

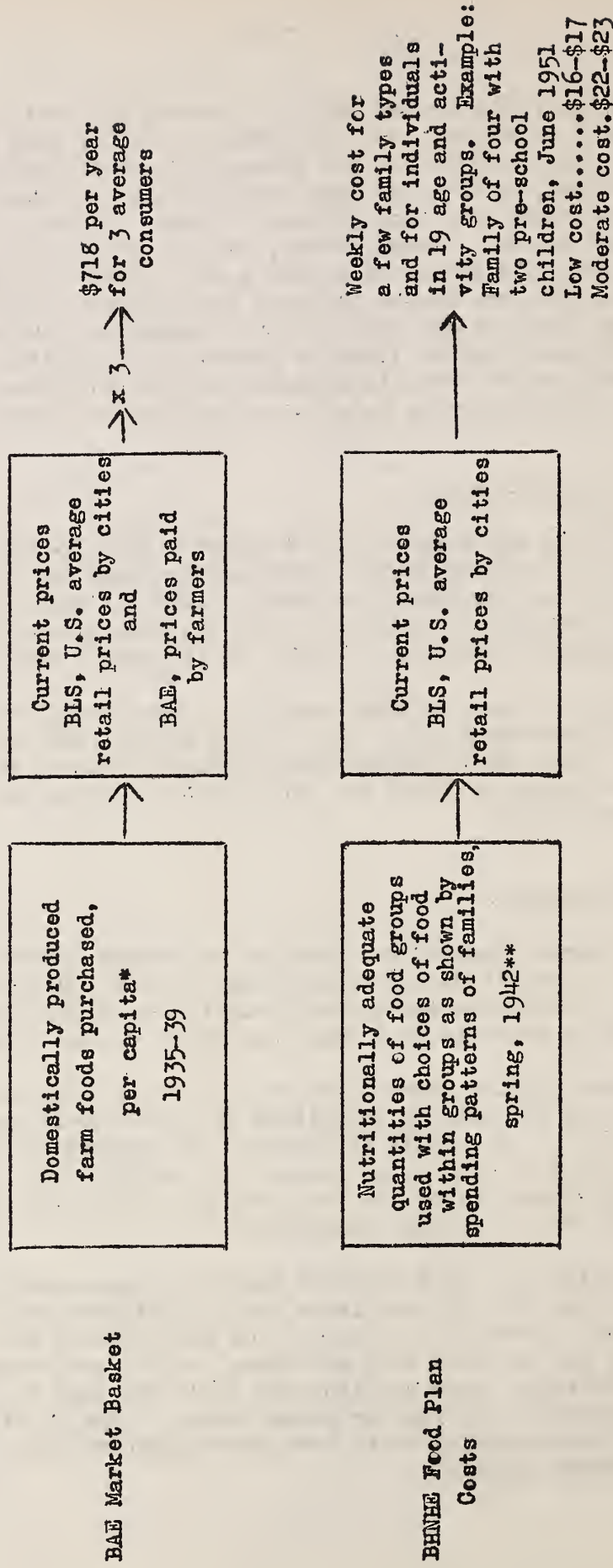
MEASURES OF FOOD COST IN DOLLAR VALUES

PUBLISHED FORM

QUANTITY WEIGHTS

PRICES

JUNE 1951 VALUE



*Based on total farm sales. Excludes nonfarm and imported foods such as fish, coffee, bananas, and foods used on farms where produced.

**1942 Study of Family Spending and Saving in Wartime.

A second point that is significant is that this Market Basket measures the cost, at current prices, of the 1935-39 average sales to consumers, and therefore, does not reflect the currently higher level of consumption. To reflect current levels of "total retail food costs for a family of three average consumers," the cost should be increased by about 50 percent. For example, the \$718 estimated for June 1951 increased by 50 percent would be \$1,077. This cost compares more favorably with other estimates of the cost for "total" food.

Bureau of Human Nutrition and Home Economics
Food Plans at low- and moderate-cost

The last measure of food cost to be described is the weekly costs of the BHNHE low- and moderate-cost food plans currently being published in Rural Family Living. These costs were developed primarily to help families select the food plan that would best suit their family budget. They represent the cost of purchasing a week's supply of food that will provide a nutritionally adequate diet if the food is distributed according to need and usual choices of food within specified quantities of food groups are made.

The chart below illustrates in summary fashion how the food plan quantities were developed:

WHAT FAMILIES EAT	EVALUATING GUIDES
Dietary studies show	NRC recommended dietary allowances
Choice of foods	Current prices of foods
Money spent	Current supplies of food
Nutritive value of food used	

Using these the
Food Economist develop
FOOD PLANS in terms of groups of food
for
Nutritious and
Budget-wise Family meals

The chart indicates that data from dietary studies were used to provide information on the kinds, quantities, and cost of food used by families at different income levels. In developing the low-cost plan, the food selections of low-income families were considered. For the moderate-cost, choices of moderate-income families were used.

Because studies of food used by families show that diets are not always nutritionally adequate and that food choices are sometimes not the best, "dollar-wise," these points were given consideration in arriving at food plan quantities. However, adjustments to provide nutritive adequacy were kept at a minimum so that the plans would not deviate unnecessarily from family practices.

Menus based on these quantities were then tested by families. The photographs used in "Food for the Family with Young Children" and "Food for Families with School Children" show two of the families that cooperated.

To estimate the cost, choices within each food group as shown by the 1942 dietary study "Spending and Saving in Wartime" are used. Another pricing table based on 1948 spending patterns will be developed as soon as the BLS has completed its revision of the list of foods priced.

The prices used in estimating the cost of the BHNHE food plans are the BLS Average U. S. retail prices for large cities. Average prices vary from one city to another but estimates of the City Worker's Budget indicate that the range is comparatively small. Actually, there may be a greater effect on total cost due to the management of individual homemakers than to differences in cost from one place to another.

How can these costs best be used?

Home Economists are often asked such questions as, "How much should it cost at current prices to feed my family of four?" "Is it possible to provide my family of three with an adequate diet for \$20 a week?" "How much should I plan to allow for food in my family budget?"

The cost of these plans is a measure that can be used to estimate the cost of food for an individual family. Because costs are given for individuals of different ages and degrees of activity, they can be combined to represent a family of any size or composition. This is an advantage as "average" cost figures tend to over- or underestimate the cost for a particular family.

The following illustrates the method to be used in estimating the weekly food bill for two different families of four persons each:

Date: June 1951. BLS, Average U.S. retail prices for large cities

	<u>Low-cost</u>		<u>Moderate-cost</u>			<u>Low-cost</u>		<u>Moderate-cost</u>	
Woman moderately active..	\$4.60-	\$5.00	\$6.45-	\$6.75	Woman moderately active..	\$4.60-	\$5.00	\$6.45-	\$6.75
Man physically active.....	5.05-	5.50	7.35-	7.65	Man physically active.....	5.05-	5.50	7.35-	7.65
Boy 1-3 years..	2.55-	2.70	3.40-	3.50	Boy 13-15.....	5.20-	5.70	7.40-	7.75
Boy 4-6 years..	3.15-	3.35	4.20-	4.35	Boy 16-20.....	5.65-	6.25	8.25-	8.70
Total.....	\$15.35-	\$16.55	\$21.40-	\$22.25		\$20.50-	\$22.45	\$29.45-	\$30.85
Round to.....	\$16.00-	\$17.00	\$22.00-	\$23.00		\$21.00-	\$23.00	\$30.00-	\$31.00

This example illustrates the effect of family composition on the cost of food. It shows that the cost of feeding a four-person family with teen age boys is around a third more than that for a four-person family with young children. This may explain in part why homemakers frequently challenge cost estimates that appear in newspaper releases. Costs are usually given on a "per capita basis" or for a family which is designated only as a three- or four-person family. The homemaker tends to identify these amounts with what she spends for food and may find that her costs vary considerably from those quoted because of a difference in family composition. Therefore, when these costs are used for newspaper releases, it is advisable to include both the family size and composition. It is also wise to round the costs to the nearest dollar value and to give a range as is shown in the illustration. Reporting the cost as from \$19.70 to \$21.75 gives the impression of greater precision than is possible in cost estimates. Giving a range in cost will allow for variations due to the foods selected within the groups, and, to the managerial ability of homemakers.

The cost estimates given for individuals assume practices in food selection and preparation typical of a four-person household. To insure meals of equal variety as well as nutritive value for families of smaller sizes, additions of 35 percent may well be made to the individual costs when estimating the cost for a one-person family, 20 percent for a two-person family, and 10 percent for a three-person family. The illustration below shows how this can be done.

	<u>4-person</u>	<u>3-person</u>	<u>2-person</u>	<u>1-person</u>
Woman, Mod. Act.	\$6.45*	\$6.45	\$6.45	\$6.45
Man, Phy. Act.	7.35	7.35	7.35	
Boy 13.....	7.40	7.40		
Boy 18.....	8.25			
	<u>\$29.45</u>	<u>\$21.20</u>	<u>\$13.80</u>	<u>\$6.45</u>
		<u>x110</u>	<u>x120</u>	<u>x135</u>
		\$23.32	\$16.56	\$8.71

* Costs given for individuals in Rural Family Living.

Sometimes a 5 percent reduction in cost is suggested for families of seven or more on the assumption that buying in large quantities can effect a saving. Unless this is possible, no reduction is justified. Local supplies and pricing policies should be the determining factor. Many packages and containers are designed for the "average" family of four persons. Therefore, it may be, that the large family buys more of these same units rather than larger units.

These foregoing examples show how the cost of the food plans can be used to estimate the weekly cost for an individual **family**. Food estimates such as these are valuable when working with a family or for use as illustrations in groups discussions.

Other ways in which these estimates can be used are:

1. To evaluate family management practices by comparing the amount spent for food by a family with these estimates for the same family.
2. To estimate the cost of food for a particular member of a family...to answer questions such as:
 - (a) In child care groups, "about how much does it cost to feed a child 1-3 years?"—"a teen age boy?"
 - (b) "About how much is added to the wages paid hired help when meals are included?"
3. To estimate the proportion of yearly income that should be allowed in the budget for food. Using the yearly estimate in relation to income can help evaluate
 - (a) the cost level of the diet the family should or can choose.
 - (b) the effect of home produced food on total money spent for food and on the cost level of the diet selected.

In summary, there are several measures of food cost. Each of these was designed for a specific purpose, an understanding of which will assure the most effective use.

The BLS "Retail Food Price Index" and the BAE "Food and Tobacco Index" measure change in food costs from time-to-time.

The BAE "Market Basket" gives the yearly cost of domestically produced farm foods sold to consumers and is used to measure the spread in marketing charges and the share of the retail dollar received by farmers.

The weekly cost of the "BHNHE Food Plans" are for a nutritionally adequate diet at two food cost levels for a few family types and for 19 age and activity groups. These costs are valuable for use in working with families.

Illustration of methods to use in estimating food costs
based on the BHNHE low- and moderate-cost food plans

	<u>Low-cost</u>	<u>Moderate-cost</u>		<u>Low-cost</u>	<u>Moderate-cost</u>
Woman moder- ately active..	\$4.60- \$5.00	\$6.45- \$6.75	Woman moder- ately active..	\$4.60- \$5.00	\$5.45- \$5.75
Man physical- ly active.....	5.05- 5.50	7.35- 7.65	Man physical- ly active.....	5.05- 5.50	7.35- 7.65
Boy 1-3 years..	2.55- 2.70	3.40- 3.50	Boy 13-15.....	5.20- 5.70	7.40- 7.75
Boy 4-6 years..	3.15- 3.35	4.20- 4.35	Boy 16-20.....	5.65- 6.25	8.25- 8.70
<hr/>			<hr/>		
Total.....	\$15.35- \$16.55	\$21.40- \$22.25		\$20.50- \$22.45	\$29.45- \$30.85
Round to.....	\$16.00- \$17.00	\$22.00- \$23.00		\$21.00- \$23.00	\$30.00- \$31.00

	<u>4-person</u>	<u>3-person</u>	<u>2-person</u>	<u>1-person</u>
Woman, moderately active.....	\$6.45*	\$6.45	\$6.45	\$6.45
Man, physically active.....	7.35	7.35	7.35	
Boy 13.....	7.40	7.40		
Boy 18.....	8.25			
	<hr/>	<hr/>	<hr/>	<hr/>
	\$29.45	\$21.20	\$13.80	\$6.45
		x110	x120	x135
		<hr/>	<hr/>	<hr/>
		\$23.32	\$16.56	\$8.71

* Costs given for individuals in Rural Family Living.

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3 FACTORS IN THE SUPPLY AND DEMAND FOR CONSUMER GOODS U.S. DEPARTMENT OF AGRICULTURE

Address (by Louis J. Paradiso, Chief Statistician, Office of Business Economics) at the 29th Annual Agricultural Outlook Conference, Washington, D. C., October 30, 1951

My discussion this morning will be concerned with a brief evaluation of recent economic tendencies with particular attention to their impact on the demand and supply of consumer goods.

The trends of consumer goods' supply and demand cannot be considered apart from the effects of the demands stemming from business and Government policies. This year these latter demands have been dominant in the business situation. As a result, total national production, as measured by the real gross national product, increased by 4 percent from the fourth quarter 1950 to the third quarter of this year, seasonally adjusted. Yet, within this rising totalsome business firms experienced reduced sales and orders while others were at capacity operations as unfilled orders continued to mount. These divergent trends evolved from a combination of factors, the effects of which continue to influence the current economic situation. Let us examine briefly these influences and their implications on the near-term prospects.

Impact of Defense Program Increasing

The pre-Korean rate of defense expenditures comprised 4 percent of our total national output, as measured by the gross national product. By the third quarter of this year, this proportion had tripled and was still rising. The actual rate of deliveries of military supplies is still considerably below the volume of orders placed by the defense agencies. Considering the large volume of existing backlogs of defense work and the additional orders to be placed as a result of the new authorizations for fiscal 1952, defense expenditures are expected to rise by more than 50 percent from the current annual rate of \$40 billion. What is more important in its impact on business activity is that about two thirds of this total will be for the procurement of military supplies. Thus, firms engaged in defense and defense-supporting activities will absorb an increasing proportion of our total available materials and manpower resources.

Business Investment Expands

Business purchasing policy has also been an unusually dynamic influence in the trends of business activity. Expenditures on new plant and equipment by business in the third quarter of this year were at a peak rate. On the basis of the joint survey by the Department of Commerce and the Securities and Exchange Commission, businessmen anticipate that their expenditures on plant and equipment this year will exceed those of 1950 by 30 percent. Much of this expansion, particularly of essential projects for which certificates of necessity have been issued by the Government, will be carried over into next year. Moreover, expansion of facilities for producing civilian goods will also continue strong, in the attempt by business to meet expectations of higher civilian demands.

Rising defense requirements and the strong fixed investment program of business will continue to dominate economic activity in 1952. The impact of these demands is reflected in the large volume of unfilled orders on the books of durable goods manufacturers. As of the end of August these were valued at \$52 billion, representing, on the average, five months of current sales, compared with an average of about 2 months' sales just before the Korean invasion last year. Thus, the activities of firms engaged in this type of production will continue to expand, and their problems will be concerned with increasing output.

In addition to the expansion in fixed capital goods, businessmen also increased substantially their investment in inventories. Following the buying wave in the third quarter of last year, business inventories rose at a rapid pace. The peak rate of additions to stocks was reached in the second quarter of this year, and since then a marked decrease in the rate of accumulation has taken place. The rise in inventories which occurred in the last half of 1950 reflected the anticipations of higher prices and shortages of materials. With the reduced consumer buying this year and the shortening of commitments by many retailers, part of the inventory rise in the last six months has reflected involuntary accumulation of consumer goods.

However, to an increasing extent, inventory purchasing in the recent months has reflected continued additions by the defense and defense-supporting industries, particularly in working stocks necessary to support increasing output. At the same time, heavy holders of consumer goods have attempted to reduce their stocks. This tendency will continue for some months until the high inventories are brought down to more normal ratios to sales. On the other hand, further inventory increases can be expected in the defense industries to support rising production rates.

The remaining segment of private investment -- new residential construction -- has been declining since February of this year. New nonfarm units started in the past three months have been running 40 percent below a year ago. Regulation X, which provides for restrictions in mortgage financing, has been an important factor in this decline. From now on, however, the availability of controlled materials will be the basic limiting factor on residential construction. On the basis of materials allotted in the first quarter of next year for the housing industry, new nonfarm housing starts will be reduced by something like a fifth from the one million this year. This decline, however, will be only a partial offset to the rising defense and fixed capital goods production.

The remaining basic question is that concerning the nature and strength of consumer purchasing of goods and services.

This year many businessmen have been greatly disappointed in their consumer goods sales and orders. This does not mean that aggregate retail sales are not high -- their average in the past two quarters has exceeded that of any other quarter except the third of 1950 and the first of this year, when the buying waves occurred. Rather, the expectations had been for an even higher rate of sales.

The chief factors which explain the consumer behavior in the past 15 months are:

1. The consumer buying waves in the third quarter of last year and early this year reflected expectations of higher prices and shortages. These purchases resulted in (a) heavy borrowings, (b) depletion of accumulated savings on the part of many consumers, and (c) in the bunching-up of purchases which otherwise would have been made later this year and in 1952.

2. Producers of consumer goods, also anticipating higher prices and shortages of basic materials, stepped up output and deliveries to distributors far above the rate of consumer purchasing, so that inventories of these goods were accumulated all along the line.

3. With the price freeze imposed by the OPS in January of this year, with the expected shortages not materializing, and with the more favorable news on the Korean front, consumers reduced their purchases of broad categories of goods.

4. Federal tax rates were increased last October, thus absorbing some of the increase in personal incomes.

5. Consumer credit restrictions through Regulation W affected the ability of many consumers to buy many types of durables. The declining trend in housing activity this year also had some influence on the demand for household durables.

The reduction in personal consumption expenditures since the beginning of the year has occurred at the same time that incomes were rising. From the first to the third quarter of this year, for example, retail sales dropped 8 percent on a seasonally adjusted basis whereas disposable income rose by 5 percent. This divergence between the trend of consumption and of income meant, of course, a substantial rise in the savings of individuals -- from 5 percent of disposable income in the first quarter to nearly 10 percent in the past six months.

Let us review briefly the shifts in the major categories of expenditures which were associated with the reduced rate of total purchasing.

1. In the years 1947-1950 about 53 cents of every dollar of disposable personal income, on the average, went for the purchase of nondurable goods, such as food, clothing, and drugs, whereas in the prewar years, 1940 and 1941, 48½ cents of the income dollar was spent for such goods. The reduced rate of expenditures for nondurables in the past six months of this year resulted in a drop in their ratio to incomes to the prewar level.

2. Food (including alcoholic beverages) currently comprises a large portion of this outlay -- more than three-fifths of the total of such expenditures. In the postwar years, about 31 cents out of every dollar of disposable personal income has been for the purchase of food (including alcoholic beverages). This proportion has declined only slightly this year, so that consumer dollar-outlays for food have remained high and above the prewar expenditure of 27 cents of every consumer spendable income dollar. High food prices, together with the increasing food requirements of a rapidly growing population, account for the continued high rates of food expenditures this year.

3. On the other hand, expenditures for nondurables, other than food, in the past six months of this year fell below the prewar ratio to disposable income. In these recent months such expenditures have comprised 19 cents out of every dollar of disposable personal income, compared with an average of 21 1/2 cents in the 1940-1941 period. The reduced rate of clothing expenditures, particularly men's wear, has accounted in large part for the recent decline in these nondurable goods categories.

4. Expenditures on clothing and shoes currently comprise more than 45 percent of this category of nondurables excluding food. Clothing and shoe sales have been falling steadily relative to income since 1947. In the second and third quarters of this year expenditures for these items continued their decline relative to income. In recent months they have comprised 8 1/2 cents of every dollar of disposable income, compared to 9 1/2 cents prewar. These shifts have necessitated drastic adjustments on the part of retailers handling these items -- adjustments to a new pattern of consumer buying.

5. The most drastic adjustment in the past 12 months, however, occurred in the pattern of consumer expenditures for durable goods such as automobiles, electrical appliances, and other housefurnishings. In the third quarter of 1950, following the Korean invasion, these expenditures jumped nearly 30 percent above the preceding quarter, seasonally adjusted.

This rise brought these expenditures to a peak ratio to income -- constituting 16 1/2 cents of each dollar of disposable personal income at that time. This compares with an average of 10 cents spent on durables of every dollar of income in the years 1940 and 1941. The sharp reduction in durable goods expenditures in the second and third quarters of this year -- a drop of about one-fourth below the third quarter 1950 rate -- brought the ratio of these expenditures to spendable income back to that prevailing in the prewar years. It is for these postponable items that retailers saw the most drastic loss of sales and, as a result, found themselves with heavy inventories of some goods.

These shifts in the consumer expenditure pattern resulted in a substantial accumulation of inventories. Since May of this year, however, four months after the peak of retail sales was reached, businessmen have reduced stocks of many types of consumers' goods -- the total reduction in retail inventories declined by 5 percent from May to August. Some retailers have adopted a deliberate policy of inventory reduction across the board until stocks reach more normal ratios to sales.

Output of Consumer Durables to be Reduced

Despite these inventory reductions, stocks of most consumer goods held by business are still high. Production schedules for most durables, however, are scheduled for further cuts on the basis of the CMP allotments of steel, copper, and aluminum. Thus, a basic question now is the relation of the available supplies of these goods in the coming months to demand.

The rate of production of consumer durables in the first quarter of 1952 will represent a sharp cut from the rate of the first half of 1950.

Materials will be allotted for the production of 930,000 automobiles although the industry has been authorized to produce one million automobiles, if this can be done by continuing conservation and absorption of existing inventories of materials. This represents 65 percent of the pre-Korean rate of output, and only 53 percent of the peak rate in the third quarter of last year. For electrical and home appliances of most types materials will be allotted to permit production at a rate of about 50 percent of that in the first half of 1950. Through conservation and the use of existing inventories and of substitute materials a somewhat higher rate of output may be obtained.

The existence of heavy inventories of some of these consumer durable items will permit a much larger flow to consumers than is indicated by the allowable production. However, this is not true of automobiles since inventories in dealers' hands at the end of August were small -- about one month of the rate of output permitted in the first quarter of 1952 or not much more than enough to allow for flow time to buyers. Refrigerators and ranges manufacturers and distributors held about a three-months' rate of production; inventories of radios and television sets held by manufacturers and distributors were somewhat larger: four months of the permitted production rate of the first half of 1952 for radios, and eight months in the case of television sets. On the other hand, as indicated elsewhere, curtailment of these inventories is already well under way

In general, the expected output of most durables next year, on the basis of the CMP allotments, is below the demand which would be normally associated with current incomes and prices -- using as a gauge the past patterns of purchasing relative to these factors. For most durables the real per capita personal income after taxes, or the disposable income adjusted for price and population changes, is the principal determining factor in demand. It is of interest to note that, after allowing for the higher prices and increased population, the real per capita disposable income in the first six months of this year, on a seasonally adjusted basis, was not much different from 1950. Preliminary data indicate that the real income in the second half of this year will be somewhat above the first half, and this rising trend is expected to continue into next year.

Calculations were made of the demand for a number of major durables, based on the current rate of real per capita disposable income, prices, and other relevant factors utilizing the relations which have prevailed in past periods. These indicate a demand for the major consumer durables well above the permitted rate of output.

The rising needs of the defense and defense-supporting industries for the controlled materials in 1952 are expected to absorb the additional production of these materials. This implies that the controlled materials allotments during the course of the year to the consumer durable goods industries may be little changed from the first quarter 1952 allocations. The higher purchasing power which will be generated can be expected to increase the demand for many types of durables above the available supply. Consumers may choose to save that part of the income which they cannot utilize for the purchase of such durable goods, or divert part of it to the purchase of goods more readily available.

In summary, the continuation of the present defense and defense-supporting programs assures a high level of business activity and purchasing power next year. Present indications are for some improvement in consumer demand. This will permit a reduction to more normal levels of inventories of many consumer goods. The rising purchasing power will be accompanied by a reduction in the output of consumer durable goods and new houses. Under these conditions the demand for most types of durables will be substantially in excess of the available supply.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

FOOD OUTLOOK FOR DOMESTIC CONSUMERS

Statement presented by Marguerite C. Burk, at the
29th Annual Agricultural Outlook Conference, Wash-
ington, D. C., October 30, 1951.

The outstanding features of the food outlook for 1952 are that slightly more food is likely to be available to consumers, perhaps at prices a little higher than 1951, but consumers are expected to have more dollars available for buying food.

Prospects are that some increases in output of livestock products and crops, plus relatively large stocks, and usual imports will provide for a 2 or 3 percent increase in per capita food supplies; despite some increase in military procurement. To measure changes in the over-all level of food consumption we use an index consisting of changing quantities of food consumed per capita multiplied by fixed retail prices of the 1935-39 base period. (See U. S. Dept. Agri. Misc. Pub. No. 691 "Food Consumption in the U. S., 1909-48:.)

For 9 out of the 12 food groups, we don't expect any particular change from the 1951 averages in the rates of consumption next year. But present indications as to production, military and export takings, and stock positions lead us to forecast slight increases in the consumption of eggs, meats and poultry, and perhaps we will see some recovery in sweetpotato consumption from this year's record low. I'll comment further on individual foods a little later.

Now for the outlook for retail food prices. Yesterday, Nathan Koffsky discussed the outlook for domestic demand. You will remember that he showed how the defense program has increased employment and consumer incomes. Further increases in consumer incomes in 1952 may be greater than the increase in taxes. So consumers will have more purchasing power in total. The expanded defense effort is expected to prevent any increase in the supply of consumer durables next year. In fact, it actually may result in a reduction in supplies. If so, more purchasing power would be available for savings, for food, or for other non-durable goods and services. Savings are already at a high rate as are purchases of non-durables and services. So we're likely to have more dollars available for food.

We've already noted that food consumption, really supplies of food available for consumption, may be up a little. Accordingly, the increase in the number of dollars available for food can go to buy the increased supplies and not put very much pressure on prices except for a few items. The principal ones among them - meats - are already under price control. Therefore, we have concluded that retail food prices won't rise more than a little, much less than in the past year.

What about prices of major foods at retail next year? Prices of a number of processed items are now moving up a cent or two as the 1951 packs reach the grocery shelves - such as canned fruits and vegetables, and also some of the cereal products and dairy products. Wages are up in processing

plants and are added on to a little higher prices received this year by farmers for supplies for processing. But these increases do not appear to add up to much in total. Prices of good potatoes may surprise consumers next spring, the effect of bad weather in some growing areas in recent weeks. On the other hand, rice and dried fruits from this year's crop may cost us less.

These supply and price expectations are contingent on certain basic assumptions about which you've already heard - (1) no major improvement or deterioration in the international situation; (2) the defense program as outlined by Mr. Koffsky including no significant change in the size of the armed forces; (3) no occasion for a new wave of scare buying; (4) usual marketing patterns for livestock products in relation to livestock numbers; and (5) at least average weather.

Commodity Highlights

Now I shall make a few comments on the outlook for major foods. I shall not attempt to cover all pertinent details for each commodity because we've already written them down in the National Food Situation for you to read.

Meats - Meat consumption per capita probably will be up a little. Increased output of beef and veal is expected to add enough for total meat supply to more than offset possibly higher military procurement. Just how much meat we will have depends to a considerable extent on farmers' decisions on marketing their cattle.

Fish - No important change in the over-all picture, but a little less canned and a little more fresh and frozen than in 1951.

Poultry and eggs - Larger supplies of eggs, chicken, and turkey with likelihood of higher consumption.

Dairy products - With no increase in milk output expected, slightly increased demand for fluid milk and ice cream probably will be met, in effect, at the expense of butter. No particular change in other dairy products.

Fats and oils - Large supplies of products processed from vegetable oils, including margarine, shortening, and cooking and salad oils, so consumption can increase. Also plentiful supplies of lard. But less butter as noted above.

Fruits - At this time of year it is impossible to predict next year's fruit crops. However, we do know that we have fewer apples and pears, but more grapes - and large supplies of cranberries - from the 1951 crops. Also, we expect smaller supplies of grapefruit but more oranges from the current citrus crops. Despite expanded military procurement of canned fruits, the

larger packs will provide civilians with about as much canned fruit as last year as well as good supplies of canned fruit juices and frozen fruits and fruit products. Large supplies of dried fruit this year at lower prices so per capita consumption may rise.

Vegetables - Fresh vegetables may be somewhat short this fall. What happens later in the year will depend in part on price outlook and of course on weather conditions. But good prices in 1951 should encourage plantings for 1952. Larger packs of canned and frozen vegetables this fall and probable military takings no greater than from 1950 packs mean plentiful supplies for civilians but we expect retail prices to reflect somewhat higher prices received by farmers this year and perhaps higher processing and marketing costs, contributing to only relatively slight increases in the level of processed vegetable prices. Although the quantity of potatoes raised in 1951 would appear to provide adequate supplies until the 1952 crops come in, the quality of potatoes raised in some areas is so poor that supplies of good potatoes may be quite short in some areas next spring. Consumption of sweetpotatoes from the short 1951 crop is likely to fall to a new low. But we'll have plenty of dry beans and peas.

Cereal food products - No problems on food products but, except for rice, their retail prices probably will reflect this year's higher grain prices.

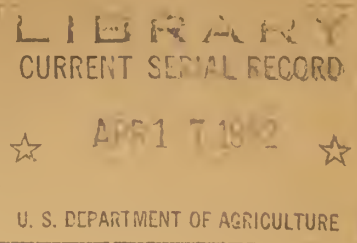
Sugar - Record world output of sugar, with a substantial increase in the Cuban crop assure plentiful supplies available for the U. S. Just how much civilians will have depends on the Secretary of Agriculture's determination of the domestic consumption requirements.

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* This represents the highlights of the 1952 *
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* Situation" for October 1951, a processed *
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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Administration
Bureau of Human Nutrition and Home Economics



CURRENT RURAL FAMILY HOUSING AND EQUIPMENT

Talk by Barbara B. Reagan, Family Economics Division, at the
29th Annual Outlook Conference, Washington, D. C., October 31,
1951

During the last few years, the Nation has had one of the greatest building booms in its history. Farm families have done a lot of the building of new houses--nearly 10 percent of the farmhouses in 1950 had been built in the preceding five years. But farm people have not built their share of all the new houses. They built only 10 percent of the new houses from 1945 to 1950, while 14 percent of all the dwelling units in the country are on farms. The biggest building boom was rural nonfarm, which was related to growth of suburban areas.

Few farmhouses were built during World War II, and in spite of the building boom since the war, fewer farmhouses were built in the relatively high-income 1940 decade than in the low-income 1930 decade. Farmhouses built in the 1940's made up only 14 percent of the farmhouses at the end of the decade, while those built in the 1930's made up 18 percent of those at the end of the 1930 decade. 1/

In 1949 farmhouse construction was relatively high in the South. Nearly 70 percent of all farmhouses built in 1949 were in the South, though the South has only about 40 percent of the total number of farmhouses.

For those who help farm families with their housing problems, it is important to know what kinds of farm families are building today. One piece of recent evidence is from a North Carolina Experiment Station study (Chart BHNHE 9419-D). Of the farm families that built a house from 1948 to 1950 in North Carolina, only about a fifth were young people of child-bearing age who had no children. The largest proportion of the families building had children still at home. A fourth had one or more young children, all under 10, but the biggest group (42 percent) had at least one older child still at home. The older, childless families or those whose children are no longer at home made up only 11 percent of the group building.

Families with young children are often anxious to build a new house if they can possibly afford it while the children are still young and before or as the family size reaches its peak. The increasing number of farm children growing up in the next few years will mean an increased pressure on the existing housing and will increase the desire of many families to build a new house.

1/ These estimates are from the 1940 and 1950 Census of Population and Housing. The definition of rural farm is not the same in the two Censuses, which affects this comparison somewhat, although not as much as a comparison of the absolute number of dwellings built in the two periods.

All the farm-operator families building in North Carolina were owners or part owners, and they were a relatively young group. About 45 percent of those building were under 35 whereas less than 15 percent of all the owner operators in the State were that young. Veterans' loan benefits, bonuses, and training programs probably have meant that the proportion of the younger farm families building a house has been higher in recent years than before.

Many, many more farm families are making repairs and major improvements in their houses than are building new houses. Major improvements are most often installation of electricity and plumbing. In 1949, facilities were installed in over 450,000 farmhouses. Addition of a room and remodeling were also relatively frequent. More families added to their house than built a new house. Also more families remodeled than built.

The general level of housing of farm families has been improved in recent years not only by construction of new houses and by major repairs and additions, but also by the fact that each year houses are torn down or converted to other uses, and presumably such houses are the most dilapidated structures. One reason for the net decrease in farmhouses is the consolidation of farm units and the resulting decrease in number of farms. Another factor has been that some farmers have moved from the farm into town, although continuing to farm the same units, thus leaving their former houses vacant or converting them to another use.

Data from the 1950 Census, along with data from other scattered studies, provide an opportunity to check the present status of farm housing in comparison with rural nonfarm and urban homes. From this, we can see the areas of house improvement that might be stressed in the next few years.

Electrification has spread rapidly in the past decade (Chart B4NHHE 9233-D). In 1940, only 30 percent of the farms had electricity, but by 1950, nearly 80 percent of the farm houses had it. 2/ This chart also shows the progress that has been made in installation of telephones. In the 1930's, the number of farms with telephones dropped far below the level of 1920, but there has been a slow though steady increase since that time. By 1948, 40 percent of the farms had phones which is back slightly above the 1920 level. For many of these people with phones, the service is unsatisfactory. In the fall of 1949, REA expanded its program to help rural people get adequate telephone service, and by the beginning of 1951, progress had undoubtedly been made. 3/

The job that is yet to be done in getting electricity to most farm families, if not to all of them, is shown by States in this chart (Chart BHNHE 9229-D). The data shown are for 1949, but the story can easily be brought up to date.

2/ Charts Neg. S 9233-D and Neg. S 9229-D are based on REA estimates using the 1940 Census definitions of rural farm. Chart Neg. 9417-D is based on 1950 Census of Population and Housing data and a more restricted definition of rural farm. The latter figure is quoted in this text; i. e., 78 percent of rural farms had electricity in 1950.

3/ The 1950 Census of Agriculture has made a preliminary estimate that 39 percent of the farms had telephones in 1950, which this estimate is based on the 1950 definition of rural farm.

By June 30, 1951, no State had fewer than 50 percent of the farms with electricity. North and South Dakota and Mississippi had all moved up to the next classification, the group of States with 25-50 percent of farms without electricity. At the other end of the distribution are the States with more than 95 percent of the farms with electricity. Four more States joined this group. In the Northeast, there is New Hampshire and New York; in the Midwest, Iowa; and in the West, California. 4/

How farm families stand in relation to rural nonfarm and urban families with respect to housing facilities is shown by the 1950 Census (Chart BINHE 9417-D). Whereas more than 20 percent of the farm families still do not have electricity, nearly all of the urban families have electric lights. Furthermore, the condition of farmhouses is poorer; in 1950, a little more than 20 percent of the farmhouses were classed as dilapidated compared with about 10 percent of the urban and rural nonfarm.

Farm families are also still far behind rural nonfarm and urban families in having running water in the house, and even fewer farm families have flush toilets. However, considerable progress was made in installation of running water and flush toilets in the past decade. Since electricity is usually a forerunner of installing running water and a sewage disposal system, farm families may make more progress along these lines in the next 10 years. Many may turn to installing plumbing as soon as they can get the pipes, bathroom fixtures, and kitchen sink.

The need for farm housing improvement is probably greatest in the North Central States and the South. Nearly three-fourths of the farmhouses in the South in 1950 did not have running water. And in the North Central States, about half did not have running water.

In addition to facilities such as running water, storage spaces such as closets, attic, or basement are important construction features making for a more livable house and more efficient home management (Chart BINHE 9418-D). In 7 Southern States in 1948 and 1949, a fifth of the homes of owner-operators didn't have any of the storage facilities listed: storeroom, attic, basement, utility closet, pantry, or clothes closet. Only a little more than 60 percent had any clothes closets. The number of closets in the house did not seem to be related to the age of the house. As many older houses had closets as did the newer ones.

Increased electrification of farm homes, along with relatively high family income in recent years, has been a great impetus to the farm family to improve its household equipment. Spending for household equipment by many farm families has been relatively high, especially in the last half of the 1940 decade when supplies of consumer durables increased following World War II. What electricity can mean to farm families when income is relatively high is shown by the household equipment inventories of farm families in four Kansas counties in 1946-49.

4/ 1951 estimates are from REA and are based on definition of farm used by 1950 Census of Agriculture, while chart Neg. S 9229-D was based on 1940 definitions of rural farm.

Nearly all of the selected Kansas families with electricity had a mechanical refrigerator and a self-heating iron, but only about half of those without electricity had them (Chart BHNHE 9421-D). Nearly three-fourths of the families with electricity had a vacuum cleaner, while the number of families with a nonelectric vacuum cleaner was negligible.

A washing machine is often the first major item of household equipment that farm families get. Of these families with electricity, more than 85 percent had an electric washing machine. It is interesting to stop and note that preliminary estimates for 27 States from the 1950 Census of Agriculture show that of all farm families in the country that have electricity about 80 percent now have an electric washing machine. In the North Central States and the West, the proportion of farm families with electricity that have an electric washing machine is nearly 90 percent compared with about 65 percent in the South and 85 percent in the Northeast.

Even without electricity, improvement in household equipment can be made when money is available. Nearly 90 percent of the selected Kansas families that did not have electricity had a power-driven washing machine, and nearly 70 percent had a gas cook stove.

Farm family spending for household equipment and furniture was higher in 1950 than in 1949, judging by the spending of account-keeping families in 3 Midwestern States (Chart BHNHE 9422-D). This increase followed a sharp cut in 1949 from the record spending of farm families for furniture and equipment in 1947 and 1948. The increase from 1949 to 1950 in the amount spent per person by farm families, however, was not as great as the increase spent by all U. S. consumers for these items.

Even in 1949, Montana farm families spent an average of \$300 for furnishings and household equipment (Chart BHNHE 9423-D). About 40 percent of this money was spent for major equipment such as stoves, refrigerators, and washing machines. Over 50 percent was spent for such items and for small equipment. Only a small amount was spent on the average for rugs and for household textiles. These farm families spent about \$40 for furniture. The relatively recent installation of electricity coupled with the families' previously low inventories undoubtedly stimulated their equipment buying as income permitted.

In Kansas in the 4 relatively high-income counties studied, farm families of 5 selected types spent an average of over \$450 in the year from May 1948 to May 1949 for furnishings and equipment, and their money was distributed in much the same way as in Montana. Over 50 percent was spent for major household equipment and small equipment. Furniture accounted for about a fifth, which was a little higher proportion than in Montana. Again the average amounts spent for rugs and household textiles were small.

In spite of increased farm family buying along these lines in recent years, farm women still have far less in the way of household equipment to work with than urban women (Chart BHNHE 9420-D). About 60 percent of the farm families now have a mechanical refrigerator, and more than a third have a gas or electric cook stove. This represents a great increase in the last decade, especially since the end of World War II. But nearly 90 percent of the urban housewives have a ~~mechanical refrigerator~~ and 85 percent have a gas or electric cook stove.

Television has considerable rural - urban differences because purchase of sets by farm families has been restricted to those within broadcasting range of large cities. On the other hand, there is no longer any marked difference between rural and urban families in ownership of radios.

Home freezers are an item that many farm families have been considering buying to make meal preparation and food preservation easier. By 1950, only a little more than 10 percent of the farm families had a home freezer. In addition, about half the farm families in 1950 had space in freezer lockers. Home freezers were most prevalent in the Northeast where 18 percent of the farm families have a freezer. The West and the North Central States are close behind. And about 7 percent of the Southern farm families had one. 5/

This available material seems to indicate that farm people have been doing more in equipping and modernizing their existing houses than in building completely new houses. We can see that in spite of their efforts, much remains to be done.

5/ Estimates on home freezers based on data for 27 States from the 1950 Census of Agriculture.

Charts referred to are from Rural Family Living Chart Books, prepared for the 1951 and 1952 Outlook Conferences.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

THE OUTLOOK FOR COTTON PRODUCTS IN 1952

Statement presented by F. Lowenstein, at the 29th
Annual Agricultural Outlook Conference, Washington,
D. C., October 31, 1951

Despite an increase in the supply of cotton in the United States during the current season, the carry-over at the end of the marketing year may be about 3 million bales. This would be only a little higher than the 2.2 million bales last season and one of the smallest in two decades. The explanation of this situation is continued strong domestic and foreign demand.

Domestic mill consumption for the current season is estimated at 10 to 10 1/2 million bales. Large inventories of cotton goods at the beginning of the current season retarded mill consumption in August and September, but it is expected that high industrial activity, high consumer purchasing power, and large military purchases will sustain the relatively high mill consumption during the year. Mill consumption for civilian use during the next few months is expected to increase as the excessive textile inventories return to more normal levels. Military procurement of cotton goods is gaining momentum and also will cause mill consumption of cotton to increase. This estimate assumes that international tensions will not tighten materially and the size of the military force will continue fairly stable. Exports may be the largest since the end of World War II or 6 million bales. These exports will tend to replenish the extremely low stocks existing at the beginning of the crop year and permit a continuation of world consumption slightly below the record level of last year, which was about 31.5 million bales of commercial cotton. Consumption of cotton in foreign countries and the United States was accompanied by a record production of synthetic fibers.

The estimates of domestic consumption and exports of cotton indicate total disappearance of 16.0 to 16 1/2 million bales. This would be about 10 percent larger than that of last season and would be the largest disappearance since 1926.

According to the estimate of October 8, about 16.8 million bales of 1951-52 supply will come from the 1951 crop. This will be the fourth largest crop on record, having been surpassed only by crops produced in 1926, 1931, and 1937. The large 1951 crop is being produced on about 28 1/2 million acres, the largest since 1937. The yield per harvested acre will average 284.7 pounds or the third highest yield on record. The trend in yield has been steadily upward since 1925, due mainly to widespread adoption of improved cultural practices, the use of higher yielding variation of cotton, and shifts in production to higher yielding land.

The carry-over at the beginning of the season, included in the current supply figure, was 2.2 million bales. This is the smallest carry-over since 1925 and equal to only about two months disappearance at current rates of consumption and exports. Imports during the current season are estimated at about the same level as last season, approximately 200 thousand bales.

The crop plus the estimated carry-over and imports gives a total supply estimated at about 19.2 million running bales. This is 14 percent larger than the supply last year, but 14 percent smaller than the 1936-45 average.

The world supply of commercial cotton presents about the same relative picture as the United States supply. This season it will be about 44.8 million bales, 4 percent larger than in 1950-51. The supply will be made up of about 33.8 million bales production and 11.0 million bales carry-over.

The world carry-over is the smallest since 1929 and 35 percent smaller than at the beginning of last season. Carry-over at the end of the current season may be about 2.3 million bales larger than the beginning carry-over, but will be the smallest since 1930 except for stocks on August 1, 1951.

World production in the 1951-52 season will be about 8 million bales larger than in the preceding marketing year. About 7 million bales of this increase will come from this year's large crop in the United States. Foreign countries outside the Iron Curtain will increase their production only about one million bales. The countries where large increases in cotton production are expected are Mexico, Syria, India, Turkey and Pakistan.

Because of the short supply last season, prices of cotton in the United States reached a record high last spring. The average ten spot market price of a middling, 15/16 inch cotton in May was 45.23 cents per pound. When it became apparent that a very large cotton crop would be harvested in the 1951 crop year, prices declined, despite the prospective small carry-over. Other price depressing factors were large inventories of textiles at the manufacturing, wholesaling, and retailing levels and a generally slow demand for cotton goods since May. The average price received by farmers showed a similar movement, dropping to 33.73 cents per pound in September, when it was slightly below the parity price for the first time since June 1950.

By September 5 the average 10 spot market price was 34.10 cents per pound, the lowest since June 1950. Then the price began to move slowly upward. On October 17 it was 36.61 cents per pound. Price strengthening factors were increasing export demand, reductions in indicated production, and the tendency of farmers to withhold cotton from the market at prevailing prices.

As in the United States, the spot prices of foreign growths have fallen sharply from their peaks of February 1951. This price decline was largely caused by the greatly increased cotton crop in the United States and our removal of export restrictions. The prices of some foreign growths are in line with that of American cotton but the prices of other foreign cottons are still somewhat higher.

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* This represents the highlights of the 1952
* Outlook issue of "The Cotton Situation"
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UNITED STATES DEPARTMENT OF AGRICULTURE

BUILDING MATERIALS AND SUPPLIES

Talk by Howard E. Emmons, Chief, Farm Construction and Supplies Staff, Office of Materials and Facilities, Production and Marketing Administration, at the 29th Annual Agricultural Outlook Conference, Washington, D. C., October 31, 1951

The subject assigned to me, "Building Materials and Supplies," contemplates, I presume, a statement on the outlook for the future supply of such materials. However, since during the current national emergency we are in a partially controlled economy, I think I would be remiss if I did not also include in my statement a simple explanation of current government controls on new construction and of how these controls relate to the supply of building materials.

The production and supply of practically all basic materials used in new construction and maintenance and repair of existing structures are expected to be at a peak rate during the coming year; but abnormal and artificial forces, due to the current national emergency, will oppose each other in a struggle to direct the flow of this supply. On the one hand, the extraordinary requirements of the defense program, the accelerated needs of expanding industry, and a high consumer demand will undoubtedly exceed this peak rate of production of basic materials. On the other hand, government restrictions and other control devices will direct the supply into the most essential uses.

The supply of building materials for farm construction, for example, will be limited due to competition with more essential uses of the materials of which they are composed; but government controls on credits, new construction projects, and materials will tend to favor farm construction over other, less essential types of construction.

You will notice that I refer principally to the basic materials. I mean by basic materials the mill forms and shapes of steel, copper, and aluminum. My reason for this is that during World War II, when we had, of necessity, a government-controlled economy, it was determined--to paraphrase a political axiom--that as goes the use of the basic materials of steel, copper, and aluminum, so goes the use of all other materials. In other words, by controlling by allocation the supply of steel, copper, and aluminum, it is unnecessary similarly to control the supply of other materials, since the latter naturally follow the trend of the former because of their close interrelationship.

Indeed, this is the basic theory behind the Controlled Materials Plan by which the Defense Production Administration and the National Production Authority are currently regulating the supply and distribution of critical materials. Therefore, we should keep in mind this concept in gauging the trends of materials supply.

Steel production is at its peak and is being expanded still more. However, the supply is short of demand in varying degrees according to forms and shapes of steel. Right now heavy structural shapes, needed in huge tonnages for expansion of the steel industry itself, are in most critical supply, and their use in construction is being strictly regulated. Fortunately, however, very little heavy structural steel is used in farm construction. The same is true of steel plate, except that steel plate is used in some end products required on farms, such as large-diameter well casing for irrigation wells in the Southwest. However, farmers use large quantities of other steel products, such as steel roofing, steel pipe, woven wire fencing, barbed wire, and nails and staples; and these products will be in increasingly tight supply as the demands of the defense program mount. For the next several months, at least, these products in galvanized finish will be especially scarce, due to the acute shortage of zinc for galvanizing purposes; but later in the year it is hoped that the zinc shortage will be somewhat alleviated.

Copper mill products of all forms and shapes may be expected to become increasingly hard to get. Moreover, the use of copper for certain purposes is now restricted, so that a farmer should determine whether or not these restrictions permit the use if he contemplates using copper pipe or tubing or some other copper product in a construction project. The use of insulated copper electric cable is not restricted but this product is already getting scarce in distributor inventories.

Aluminum in mill forms and shapes is rarely used in farm construction, but aluminum end products, such as aluminum roofing, will be available only in quantities sufficient for repair and maintenance requirements.

The multitude of end products containing these three basic metals, such as builders hardware, electrical devices, plumbing and heating equipment, and general hardware supplies, will of course be dependent upon the supply of such metals. Moreover, the quality of many end products may be expected to be of lower grades, due to substitution of less critical materials, as was the case during the last war when so many "Victory" models of products appeared on the market.

Paints will probably continue in plentiful supply, as during World War II, but the quality standards may be lowered, due to shortages of certain chemicals used in paint formulas. Bristle brushes are already disappearing from dealer stocks, although there seems to be an ample supply of horse-hair, horse-hair mixture with bristles, and nylon brushes.

Lumber and lumber products are in plentiful supply nationally, but area shortages are bound to occur, due to transportation difficulties or to unusual area demands, such as in an area where a new Atomic Energy plant is being constructed. Plywood will become scarcer as more plywood is used as a substitute for sheet metal.

Cement production is only slightly below capacity, but, again, area shortages will occur due to transportation difficulties or unusual area demands.

Masonry and clay products should present no problem.

Composition products, such as wall board, insulating board and non-metallic roofing should be in good supply but will be in increasing demand as substitutes for more critical materials.

Altogether, during the next six months or so, beyond which period it is difficult to forecast demands, there should be an ample supply of building materials and supplies, provided that purchases are held to essential needs, substitutions for critical materials are made wherever practicable, and requirements are anticipated well in advance. Hand-to-mouth buying and prompt deliveries, of course, will not be the order of the situation in prospect.

Now, to turn to government controls on new construction, I think I can most succinctly cover the subject by reading to you a brief statement prepared by our office for the Farm Finance Review, which I now quote:

"In addition to credit controls, farm construction, like all other types of construction, is subject to materials controls. These controls are administered as part of the Controlled Materials Plan, under which steel, copper and aluminum are allocated to each segment of the economy and, ultimately, to individual users of these materials.

"The basic regulations issued by the National Production Authority which are applicable to construction are NPA Order M-4A, CMP Regulation 6, and Direction 1 to Regulation 6. NPA Order M-4A prohibits the commencement of construction of all types of buildings, structures and projects using more than specified amounts of controlled materials unless the owner either receives an authorized construction schedule and an allotment of controlled materials, or is permitted to self-certify his orders for controlled materials to be used in the construction. It also prohibits the use of copper and aluminum for ornamental and certain other purposes.

"CMP Reg. 6 prescribes the manner in which construction schedules are authorized and allotments are made.

"Direction 1 to CMP Regulation 6, which is of greatest importance to farmers, provides for self-certification of construction schedules and orders for controlled materials, and for use of DO (Defense Order) ratings for other building materials and equipment needed to complete the structure, by persons whose requirements for controlled materials are below certain specified minimums. For farm construction, the self-certification limits are 2 tons of carbon steel and 200 pounds of copper per project per calendar quarter, with no self-certification permitted for alloy and stainless steel or aluminum. These self-certification limits apply only to the metals in their mill shapes and forms and not to manufactured products containing these metals which may be used in construction. As an integral part of the farm plant, farm dwellings are subject to the same self-certification limits as permitted for other types of farm construction rather than to the somewhat lower limitations applicable to urban residential structures.

"The effect of these self-certification provisions is that most farm construction, which generally does not require materials in excess of the limits specified for self-certification, is not subject to the approval or disapproval of the government. Another effect is that orders placed for controlled materials for small construction projects have the same priority as those for large projects.

"To self-certify orders for controlled materials, a farmer, or his authorized representative, places the symbol U-8 on his orders for materials and designates the calendar quarter in which delivery is required. An example of such a certification for controlled materials is:

'U-8-1Q52, Certified under CMP Reg. 6

/s/ John Jones'

"To obtain non-controlled materials or machinery necessary to complete a project for which controlled materials have been self-certified, a farmer or his authorized representative may apply a DO rating by certifying his purchase orders in the following manner:

'DO-U-8. Certified under CMP Reg. No. 6.
Delivery required: January 15, 1952.

/s/ John Doe'

"Farmers who wish to construct buildings or projects requiring controlled materials in excess of the self-certification limits, must, like other builders, apply for an authorized construction schedule and an allotment of controlled materials before commencing construction. Applications are submitted on Form CMP-4C and filed with the State Office of the Production and Marketing Administration in the State where the construction is to be located. Such applications are reviewed and acted upon in the light of the relative essentiality of the proposed project and the need for it in terms of the Department of Agriculture's food program. Where the application is for replacement of a facility lost or destroyed because of events beyond the control of the owner, such personal hardship may also be a factor in approving or disapproving an application.

"The regulations governing farm construction are necessarily described here in somewhat broad terms. Specific questions on the application of construction controls to on-farm construction may be directed to PMA State Offices."

In conclusion, I might add that a farm construction project includes not only the complete erection of a building, such as a farm dwelling, but also alterations and additions. It does not include repairs, where a structure is merely restored to its original condition. It does include the rewiring of a building with heavier or more extensive wiring, or the addition of a bathroom, or the initial installation of plumbing. A farm construction project includes

the drilling of a water well, the installation of irrigation piping that is non-portable, the erection of a farm fence, and other improvements to real property.

Compared to the situation in World War II, it should be noted, the farmer has a "good deal," in that he can now self-certify priority ratings for all of his average requirements of materials for new construction and maintenance and repairs, whereas then he was given only very limited and ineffective priority assistance.

Let us not abuse this privilege and risk losing it, but let us utilize it as fully as we need to in carrying out a tremendous agricultural production program, the challenge of which the farmers of this nation are so nobly meeting at this time.

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UNITED STATES DEPARTMENT OF AGRICULTURE

CONSUMERS' DURABLE GOODS

APR 17 1952

U. S. DEPARTMENT OF AGRICULTURE

Talk by L. Jay Atkinson, Economist, Office of Business Economics, U. S. Department of Commerce, at the 29th Annual Agricultural Outlook Conference, Wednesday, October 31, 1951, Washington, D. C.

Prospects are that the restricted supply of materials available for consumers' durable goods will curtail substantially the production of most of these items in 1952. For the first quarter of 1952, allocations of steel will be at about half the rate of consumption in the first six months of 1950. Allocations of copper and aluminum will be a somewhat smaller proportion of the base rate of consumption. For the remainder of the year, allocations have not been set, but increases in total supplies available for all purposes may about keep pace with rises in military requirements as they are now scheduled. This implies that the amount allotted for consumers' durables during the year may be about the same as the first quarter rate.

Except in the case of the automobile industry, manufacturers of consumers' durables are free to "stretch" their allotted materials and to utilize inventories on hand to reach as high a production rate as they are able to attain. They may change models and use substitutes which are available in order to conserve scarce materials. They may vary their product "mix" by shifting materials allocated for one product to another for which the demand is greater.

Such savings in the use of allocated materials will in many instances prevent output from falling as much as the cut in allocated materials. Nevertheless, the maintenance of the first quarter rate of allocations during the year would restrict production of consumers' durable goods appreciably below that of the past 3 or 4 years, with an occasional exception. On the basis of past relationships, such production would be less than consumers' demand.

There are at least two special circumstances, however, that alter the supply picture. The first is that we approach this period of forced curtailment in output with unusually large stocks of these products in the hands of manufacturers, wholesalers, and retailers. The peak in such stocks was reached in the summer of 1951, and there has been some curtailment since that time, especially in retail stocks, but they are still high in relation to usual trade practices. The reduction in inventories has been obtained principally by curtailing production rather than by an increase in consumer purchases. Second, consumers' durable goods buying has proceeded at a relatively slow pace since the first quarter of this year. Initially this slackening in demand appeared to be merely a reaction to the waves of forward buying immediately following the Korean invasion last summer and again after the setback in the Korean war near the end of 1950. The lull in buying has been extended, however, for more than 6 months, and the latest sales figures show little change on a seasonally adjusted basis. In terms of supplies for consumers, this has meant that output has been more than adequate to meet current demands.

Thus, for household appliances as a group, the initial cuts in material utilization in the second and third quarter of 1951 were anticipated by voluntary cuts in production in order to limit inventory accumulation. Furthermore, inventories now provide some reserve for the deeper cuts in materials scheduled for the first quarter of 1952. On the other hand any substantial pick-up in the demand for these products would absorb the stocks on hand rather rapidly.

This is about as far as we can go in generalizing on the demand supply situation for consumers' durables. There is considerable variation from product to product. Let us summarize the demand supply situation for a few of the major household equipment items.

The first of these in terms of value is television. Although it had its first impact in urban centers, it is becoming increasingly important in rural areas as well. In 1950, a total of 7.5 million sets were produced. Output continued high through the first quarter of 1951. Then, as consumer buying declined and inventories began to accumulate, the rate of output was curtailed with the decline extending through most of the summer. In the early fall months output was again on the increase, as a substantial pick-up in buying reduced inventories at all stages of production and distribution. At their peak early in the summer, television inventories reached 2.5 million sets. Preliminary data indicate that at the end of September these stocks had been pared below the 2 million mark.

In view of the increase in demand since mid-summer, this represents a considerable shift in the "reserve" supply of television sets at a time when output is to be restricted by materials shortages. In the first 9 months of 1951, output of television receivers has been at an annual rate of about 5.5 million sets. This compares with an annual rate of 6.3 million sets in the base period, i.e., the first half of 1950.

Electric refrigerator production reached 6.2 million in 1950, about 1.5 million higher than the previous peak output in 1948. In the early months of 1951, production continued at the high rate attained in the preceding year, but in the second quarter, stocks began to pile up and production was curtailed. The parallel with television is very close, with stocks reaching a peak of over 1 million refrigerators in the early summer months, and being reduced somewhat in the succeeding few months. The principal difference between the two products is that refrigerator sales showed considerably less pick-up in August and September, and the continued liquidation of inventories was achieved primarily by the maintenance of a low production rate. For the first 9 months of 1951 as a whole, refrigerators were produced at an annual rate of about $4\frac{1}{2}$ million, as compared with a rate of $6\frac{1}{2}$ million in the base period.

A considerably different situation exists in the case of farm and home freezers. The strong demand which developed in the latter part of 1950 has been followed by a continued high rate of buying in 1951. Stocks reached a low point soon after Korea and remained relatively low through the first quarter of 1951. They rose only moderately in the second and third quarter of this year and production has been maintained at an annual rate of 1 million freezers as compared with a rate of 700,000 in the base period.

Electric washing machines were produced at an annual rate of 3 million in the first 9 months of 1951, in comparison with 4 million in 1950. There has been no significant stock accumulation during 1951, and shipments were only moderately curtailed during the second quarter in contrast to the sharp cutbacks in output of most appliances. In the early fall months shipments were at about the same rate as earlier in the year and stocks were about in line with sales. The production of washers in the base period was at an annual rate of 4 million units.

Vacuum cleaners represent a slightly different picture in that output in 1950 was not up to the peak reached in 1947. On the other hand there is the familiar pattern of high output at the beginning of 1951, and sharp curtailment in the spring and summer. Output increased in September although it remained a little below the $2\frac{3}{4}$ million annual rate for the first 9 months of 1951. An analysis of the longtime relationship between disposable income and the sales of vacuum cleaners indicates that this rate of output is about that indicated on the basis of income in that period. The output of vacuum cleaners in the base period was at an annual rate of 3.4 million units.

Output of domestic cooking stoves and ranges has been moderately lower in 1951 than the record 5.2 million units in 1950.

Curtailement in output in the second quarter of this year was especially sharp, with shipments for a few months being down more than 50 percent from the rate in the first quarter. For the electric ranges, data are available on stocks, and these show very considerable accumulation in the second quarter of this year as sales declined.

For cooking stoves and ranges together production in the base period was at an annual rate of 4.8 million.

Furniture has been less affected than appliances by the buying waves of the past year, although demand was strong throughout 1950, reflecting the housing boom. Some slackening in demand occurred in the second quarter of 1951, however, and production of furniture was reduced about 10 percent as inventories increased. The principal rise in furniture inventories was in retail stores, but by the end of the summer these had been brought back toward a more normal relationship with sales. Stocks of manufacturers are still somewhat high.

Restrictions on the use of materials will affect furniture manufacture for those items made of metal. In general the controlled materials will be allotted to these producers on the same basis as for the appliances. Those products for which metal is only a small portion of the total materials used can often be changed so as to "stretch" the supply of these scarce materials in order to keep up output fairly well. The basic materials such as wood and fabrics are, of course, in good supply.

Now, a final word about automobiles. Here, the demand-supply situation differs from that of the household equipment in a number of important respects. The gap in supplies resulting from the war period had been fully closed for the household appliances well before the Korean invasion. In the case of automobiles, however, the closing of the gap was a longer process.

While no very precise calculations can be made about the wartime backlog, our study of age distribution of automobiles suggests that the backlog demand was just about filled in 1950. Nevertheless, there is still a higher proportion of relatively aged automobiles than of household appliances nearing the usual scrappage age.

Accordingly when the slackening in buying of consumers' durable goods began in the second quarter of 1951, automobiles were somewhat less affected than household appliances. Whereas the production of appliances was curtailed because of rising inventories, the production of automobiles was curbed only to the extent required by restrictions upon the use of materials. Stocks of new cars in the hands of dealers were rather well balanced in relation to sales at the beginning of the second quarter, and they gradually drifted downward in the next several months. New car sales remained generally steady throughout the summer months which is normally a period of substantial seasonal advance. Since output has been curtailed substantially while sales have been maintained, stocks of cars have gradually declined. They are now somewhat low in relation to sales.

During the first 9 months of this year output of passenger cars has been at an annual rate of about 5 million. This rate has been gradually restricted, and in the first quarter of 1952 output is to be restricted to an annual rate of 4 million.

In summary, the output of consumers' durable goods in 1952 is to be curtailed moderately from the 1951 level. In most instances the rate of output scheduled for the first quarter of 1952 is not far below consumer demand in the second and third quarter of 1951, although by most standards the latter appeared to be somewhat low in relation to current income levels. A substantial rise in stocks of household appliances in the second quarter of 1951 has been partially absorbed in recent months, but stocks are still relatively high in relation to sales at the present time and provide some reserve to offset the restriction in output in the immediate months ahead.

OUTPUT OF SELECTED CONSUMER DURABLE GOODS
(in thousands of units)

Product	1948	1949	1950	1951	:Base period production : quarterly average, : first half 1950 at : annual rate
Consumer durables:					
Passenger cars.....	3,909	5,119	6,666	3,907 (8 mos.)	6,138
Refrigerators, electric.....	4,766	4,450	6,200	3,402 (9 mos.)	6,500
Freezers, home and farm.....	690	485	890	722 (8 mos.)	705
Washing machines.....	4,317	3,033	4,290	2,575 (9 mos.)	4,011
Ironers.....	477	307	407	180 (7 mos.)	344
Vacuum cleaners.....	3,361	2,987	3,529	2,020 (9 mos.)	3,390
Radios.....	16,000	11,400	14,590	8,980 (8 mos.)	14,667
Television sets.....	1,000	3,000	7,464	3,645 (8 mos.)	6,273
Domestic cooking stoves, electric and non-electric....					
Domestic heating stoves.....	5,132	3,531	5,214	2,430 (7 mos.)	4,835
Water heaters, electric and non-electric.....	5,227	3,663	4,193	2,027 (7 mos.)	1,825
Kitchen sinks.....	3,047	2,570	3,900	1,971 (7 mos.)	3,434
Bath tubs.....	13,155	17,397	2,784	1,946 (7 mos.)	2,502
Lavatories.....	1,947	1,475	2,264	1,412 (7 mos.)	2,093
Water closets.....	3,303	2,599	3,447	2,302 (7 mos.)	3,237
	3,400	3,409	3,792	2,439 (7 mos.)	3,581
Flat irons, electric.....	7,360	6,310	7,475	4,025 (8 mos.)	4,688
Toasters, automatic and non-automatic.....	4,350	4,200	4,525	1,930 (8 mos.)	2,670
Consumer durable goods:					
Total -	99	110	153	140 (8 mos.)	141
Carpets and rugs.....	114	94	111	90	107
Furniture and bedding.....	105	92	117	111	112

Federal Reserve Index 1947-49=100 (adjusted for seasonal variation)

Data represent production or factory shipments and were obtained from private and government agencies. In a few cases production figures in 1951 were derived by adjusting data on factory shipments by changes in factory inventories and then raising to industry totals.

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U. S. DEPARTMENT OF AGRICULTURE

SUGAR OUTLOOK

Remarks by Thomas Allen, Deputy Director,
Sugar Branch, Production & Marketing
Administration, at 29th Annual Agricultural
Outlook Conference, Washington, D.C.
October 31, 1951

The Sugar situation in the domestic and world markets since the outbreak of fighting in Korea has been the most unusual in history. During practically this entire 16-month period prices in the world market have been above a parity with prices in the United States. The reason is that supplies provided for the United States under the quota system of the Sugar Act have been sufficient to avoid the inflationary influences affecting world prices. The situation became most acute in late June of this year when the world price rose to more than 2 cents per pound above a parity with the United States price. Since then, prices in both markets have declined appreciably, but prices in the world market have declined more and appear to be approaching a parity with United States prices.

For the coming year, world supplies outside of the iron curtain countries may not be greatly different from what they were in the past year. Smaller supplies of beet sugar from the 1951 harvest in the United States and several European countries should roughly offset increased supplies anticipated from the 1951-1952 harvest in Cuba and Puerto Rico. Barring a recurrence of war scares, however, it appears doubtful that foreign countries will bid for sugar with such disregard of price, as seemed to characterize their buying during the first half of 1951.

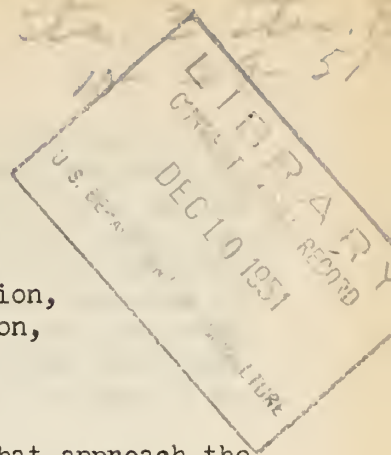
The United States depends upon imports for over 40 percent of its sugar. Decreases in domestic production are offset by increases in imports. Since increased supplies are expected to become available in the Caribbean producing areas, the reduction in this year's production of beet sugar should not affect supplies for consumers.

The comparative stability in domestic sugar prices, while production costs and prices of competing crops have risen, was the major cause of the sharp reduction in the 1951 sugar beet acreage. Since sugarcane is produced in essentially one crop areas, incomes from alternative agricultural enterprises have comparatively little affect on the production of cane sugar. Even though domestic sugar prices rise, it is to be expected that they will maintain a greater degree of stability than prices of most competing crops. The 1952 sugar beet acreage will be dependent primarily upon the price trends and prospects of alternative crops.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Administration
Bureau of Human Nutrition and Home Economics

RURAL HEALTH

Talk by Jean L. Pennock, Family Economics Division,
at the 29th Annual Outlook Conference, Washington,
D. C., November 1, 1951



In this year's chart book we have included five charts that approach the rural health situation from different aspects: Infant mortality, one of the best general over-all indexes of health levels; morbidity, as shown in a special survey made in one State; the supply aspect, here confined to physicians; and the cost aspect, as shown by the expenditures of account-keeping families in selected States and of all U. S. consumers, and by the coverage given consumers by medical prepayment plans.

Infant mortality chart

On the whole the picture this chart presents is not a bad one. Death rates are expressed in terms of the number of deaths under one year per 1,000 live births. This chart shows that 26 States, more than half the total number of States, had rates below 30 in 1948, the last year for which statistics were available when the chart book went to press in September. An additional 15 States had rates ranging from 30 to 39. However, the rural rate for the entire U. S. was 33.1 in spite of the large number of States with rates under 30, because the rates in the South, that region that is so very important in any discussion concerning the rural population, are moderately high.

A similar chart showing urban rates would differ somewhat from this. There would be nine fewer States shaded to show a rate under 30 and only two fewer with rates above 40. In spite of this less favorable distribution, the U. S. rate for the total urban population is two points lower than that for the rural population. The explanation for the difference lies in the fact that the urban population tends to be concentrated in States where the urban rates are favorable, while the reverse is true of the rural population.

I wish I could show a series of charts like this, going back over the years, to point up forcibly how marked the improvement in infant mortality rates has been. Even such a short time ago as 1940 the rate for the U. S. as a whole was 47, no State had achieved what is now the average, and one State had a rate over 100. In 1930 the average rate was 65, in 1920 it was 86, and in 1915, when the computation of the rate was undertaken for the group of States known as the birth-registration area, it was 100.

I mentioned a few minutes ago that the 1948 rural rate was a few points higher than the urban. This has been true for a good many years now but it has not always been so. In the early days of these statistics the rural rates were consistently better than the urban. The positions were reversed during the 1920's.

One point that stands out when the urban and rural rates are compared is that the range among the States on the rural rates is greater than on the urban. The lowest rates are always rural rates. Usually two or three States each year will report rural rates that are lower than any urban rates. Probably the four States with the best records as to rural rates over a period of time are Connecticut, Iowa, Nebraska and Kansas. These States frequently have rural rates lower than any urban rate. Then at the other end of the range, we have two States whose rural rates always exceed the worst urban rate by 10 points or more.

What are the factors that make the infant mortality rates what they are? Of primary importance is the racial composition of the population. When the urban or rural rates for the white race and others are compared, State by State, the white rates are always best, Negro rates higher than white, and other non-white—Indian and Oriental—usually higher than Negro. These differences for the most part are not inherent in the physical characteristics of the races but are the result of sociological and economic differences associated with race.

There is considerable difference from State to State in the relationship of the white and Negro rates. A few States have rural rates for the two races within a few points of each other; a considerably larger number have Negro rural rates from 50 percent to over 100 percent higher than the white rural. The urban rates, on the other hand, almost always show wide disparities between the races.

Negroes form a relatively important part of the population all through the South, both urban and rural, and the over-all rates are almost invariably appreciably increased by the Negro rates. In the North, the Negro component does not increase the over-all rate more than two or three points above the white rate. The Indian rates, although highest of all, have no marked effect on State rates except in Arizona.

Credit for the improvement in infant mortality rates goes to advances in medical knowledge and services, improved sanitation, better dietary habits, and the higher standard of living we have attained. The effects of some of these show up dramatically when the infant mortality rates for specific diseases are examined. Pneumonia, which in 1920 took the lives of 14 infants out of every 1,000 born, in 1948 took less than 4. No great headway was made against this disease until after 1935, when the use of first, the seras, then the sulfas, and finally the antibiotics brought the rate tumbling. Improvements in sanitary practices, better refrigeration and better control of the milk supply in particular have played a large part in decreasing the toll from diarrhea and enteritis. The rates have been just about halved in each decade since 1920; in that year the rate was about 15, now it is less than 2.

We have not been equally successful against all causes of infant deaths. Premature birth, always the most important cause of infant deaths, is the outstanding case in this group. The rate has been cut almost in half since 1920 but this rate of decrease is so much less than has been attained against most other causes of infant deaths that premature birth is now responsible for almost a third of all infant deaths whereas in 1920 it was responsible for less than a fourth.

One problem in the use of such statistics as these is to recognize the possible errors and biases that may be in them. In the case of infant mortality such a source of error lies in the under-reporting of births or deaths. A study of the under-reporting of births and the biases involved was made in connection with the 1940 Census. It was found that there was a greater degree of under-reporting in rural than in urban areas, more in the South than in other regions, more for nonwhites than for whites. We do not know as much about the under-reporting of deaths and, particularly, how it differs from one segment of the population to another although a study of this is underway in connection with the 1950 Census. If the errors in the two bodies of data that give us the infant mortality rate--birth data and death data--are of the same magnitude, we will still have a true mortality rate. It is generally assumed that for the country as a whole this is so, but there is less confidence that it holds when various types of classification of the data are introduced.

Chart on physician-population ratios

This chart presents another reason why the infant mortality rate is higher in rural than in urban areas--there are fewer physicians in relation to the population in rural than in urban areas.

The classification system used in this chart departs from the standard rural-urban break of the Census, because the pattern of medical services in the smaller cities is more like that of the rural population as defined by Census than like that of the larger cities. To combine the towns and small cities with the large cities obscures some of the real differences in the pattern of medical service. The classification used here is on a county basis. It recognizes two sizes of metropolitan areas. Then come the counties that do not contain a large city but are on the outskirts of a metropolitan area and so have access to the medical services of the big city. Finally come the counties separated from a large city by at least the breadth of another county. These "isolated" counties are subdivided into two groups on the presence or absence of a town as large as 2,500 population.

In 1949 the ratio of physicians to population was more than three times higher in the greater metropolitan counties than in isolated rural counties. The greater metropolitan ratio was more than double the ratio in the isolated semi-rural counties. Lesser metropolitan counties had a lower ratio than greater metropolitan but well above that of the two rural groups. The counties adjacent to metropolitan areas had about the same ratio as the isolated semi-rural, but it must be remembered that these counties can draw on the resources of the metropolitan area they touch as well as on their own.

The distribution of physicians is not constant around the country. Of the four main Census regions, the South has the lowest ratio, 89 physicians per 100,000 population, and the Northeast the highest, 158 per 100,000. The southern ratios for the two metropolitan groups are about the same as the average shown on the chart and somewhat less for the other three groups. The

reason the southern ratio is so much below that of the other regions is that it is heavily weighted by the rural counties. The Northeast is higher than the average in each county group but its over-all ratio is so much above the U. S. ratio because the metropolitan counties, in which the concentration of physicians is great, have about three-fourths of the total population. The North Central States and the West do not depart greatly from the picture shown by the chart. Their greater metropolitan ratios are lower and the isolated somewhat higher.

The increase in physicians did not quite keep up with the growth of the population from 1940 to 1949; the ratio of physicians to population for the U. S. as a whole fell from 122 to 119 per 100,000 persons in that period. How this small over-all decrease affected our county groups can be summed up quite succinctly: In general those with the most unfavorable physician ratios in 1940 were those that showed the greatest loss percentage-wise in the ensuing years.

The Northeast was the only region showing an over-all increase in the ratio of physicians to population. The South showed an over-all decrease in ratio of 2 percent. The greatest regional decrease was registered by the North Central States--5 percent.

I would like to point out one fact that this chart does not show although the health situation is much affected by it. That is, that there are relatively more older men among rural physicians. This means that physically they are able to do somewhat less, that they are not always abreast of recent medical developments, and that the level of care they give may not be as high. Also it means that rural areas have to run to stay in the same place--because of a higher rate of deaths and retirements among physicians, more replacements are needed in rural than urban areas to maintain even the unfavorable ratios the chart shows.

The picture presented by this chart is discouraging in that the problem of the movement of physicians from the rural areas to the big cities is a problem we have been aware of for some time, it is a problem that many groups have been working at actively; but nothing that has been done to date has been enough to keep the ratio between physicians and rural population constant. The condition this chart points up is not something that has come upon us unawares, but exists in spite of fairly vigorous efforts against it.

Efforts to hold physicians now in rural areas and to encourage others to settle there have been patterned to meet two major objections to rural practice. One line of attack recognizes that rural practice is frequently unprofitable. Some rural communities have offered subsidies in various forms to bring in physicians where they are needed but may have difficulty in making an adequate living. In some States there are laws that permit local government units to offer such subsidies, in other places it is handled by other community organizations. To be able to guarantee a physician an adequate income and in that way to insure having a physician in the community has been one of the objectives in organizing rural medical prepayment plans or rural medical co-operatives.

Another attack on the problem has recognized the professional isolation of the rural doctor and the fact that today's graduates, surrounded during their training by the elaborate and expensive paraphernalia of modern medical science, are unwilling to go where they have to practice without much else than the traditional black bag. One purpose of the rural hospital construction program has been to provide the inducement of modern facilities in rural areas. Along this same line, programs tying rural hospitals and health centers in with the big teaching centers have been developed. Medical schools are also introducing short refresher courses which may appeal to rural physicians.

Other approaches involve an appeal to the humanitarian instinct which usually plays some part in the initial decision to study medicine. Medical schools are laying more stress on rural medicine in their teaching programs and are making an effort through the interning system to get the medical student acquainted with the need and opportunities in rural areas. The medical schools and organized medicine are making an effort to build up the prestige of the country doctor, who along with other general practitioners has fallen in public esteem in proportion to the emphasis laid on specialization. Some students of population movements believe that the future country doctors must come from the rural areas, and advocate making it easier for rural young people to get a medical education. This can be done by building up the medical schools in rural States and by providing financial assistance to medical students from rural areas.

Chart on time lost from normal activity because of illness

This chart presents another measure of the relative health status of rural and urban people. The study was made to determine the need for medical services in various population groups. This chart shows the proportion of the population, from open country to big city, losing time from work or other regular activity because of illness in the six months preceding the interview. The illness need not have been serious enough to confine the person to bed, but simply to prevent him from doing what he would normally have done. The question was designed to cover the entire population, but it seems to me that the term "regular activity" only becomes meaningful when a child reaches school age.

This study shows that in Michigan there was a gradual decrease in the proportion of people losing time because of illness as you move from the open country to the more urbanized areas. If the bar representing cities were broken into small cities and metropolitan areas, you would see that this trend carries through here, too; a slightly larger proportion of people lost time because of illness in small cities than in metropolitan areas. The average number of days lost per person reporting illness was greater in the open country and villages than in urban areas.

This chart indicates that rural people probably need more medical service than city people, but it does not necessarily mean that the open country is a less healthy place to live than the city. A number of factors besides any inherent relative healthiness of the country or the city as a place to live explain these figures.

First of all, the differences in the age composition of the population in urban and rural areas has a lot to do with it. Illness rates are higher among people over 55 and children than among younger adults. Since there are larger proportions of older people and children in the rural population, you can expect a larger number of days lost from the usual occupation there. Also the birth rate is higher in rural areas than in cities. This means that a larger proportion of rural women will be taking time out from their regular activities.

The difference in accident rates in rural and urban populations also enters into the explanation of these figures. The accident rate is higher in rural areas than in the city, and a higher accident rate means, of course, more time lost. Farming is a relatively hazardous occupation, with possibilities of injury from machinery and animals. Probably there is a higher exposure rate to machinery among persons on farms than among the rest of the population, and farmers work under less controlled conditions. Some of the other occupations of rural people are hazardous—mining, an occupation drawing largely from the rural population, is the most hazardous of all industries.

The level of income also has an effect on illness rates. In general it has been found that illness rates are higher among low income families than among those higher up the income scale. It is impossible to make accurate comparisons of the real income of the open country and urban groups in this study, but it is probable that the income level in the open country is lower.

There are other factors affecting these figures that have more to do with economic considerations than health. When a person wakes up in the morning feeling ill, other considerations than how bad he feels enter into his decision to get up and go to work or to stay home. The person who stands to lose a day's pay may go to work when the person on a job with sick leave or the person who is his own boss would stay home. In the slack season the farmer often takes a day off without detriment to the farm, but if he has animals and no one else to care for them or if seasonal work is pressing, these considerations may outweigh his symptoms. The mother may keep a child home from a rural school which may be some distance away but would let him attend when school is close at hand and she will be able to check on his condition at noon. Also it must be borne in mind that although the data sought were days lost from all regular activities, of which employment is only a part, there is probably a tendency on the part of the respondent to think in terms of employment only when answering for a working person. So the person with

the shorter work week may appear to have had less illness. It is impossible to strike a precise balance among these factors. However, these possible biases probably do not account for all of the differences between the urban and rural groups shown in this study.

Health insurance chart

Earlier I mentioned that some prepayment plans had been set up in rural areas to provide an assured income for a physician or suitable facilities for his practice and so to draw a physician to the community. The more common purpose behind the organization of prepayment plans is to reduce the financial barrier between the insured and existing medical personnel and facilities. This chart deals with the second aspect.

As of 1950, half the population had some form of health insurance. Virtually every person covered by such insurance was covered to some extent for hospitalization. Other types of coverage were carried by smaller proportions. About a third had some surgical coverage in addition to their hospitalization, and an addition eighth had some medical coverage. Only a very small proportion, 3 percent had comprehensive care insurance.

Medical care insurance benefits covered one-eighth of private medical care expenses in 1949. Benefits defrayed about a fourth of the hospital expenses, a tenth of the expenses for physicians, and an insignificant part of other medical expenses. About 70 percent of the benefits paid were for hospitalization, about 30 percent for physicians' care.

We would like to be able to give you data on this chart by a rural-urban break as we have done in effect on the other health charts but the data are not available. The insurance represented by this chart is furnished by a wide variety of commercial firms and nonprofit organizations, and their records just don't provide a rural-urban classification. It is known that the rural element is a small but growing proportion of the total number of insured persons. It is small because attention was first concentrated on the urban population which lends itself better to group insurance. As the enrollment of the urban population has been reaching its upward limits, attention has turned to enrolling the farm population.

One interesting development along this line has been that of rural health cooperatives. About two-thirds of these associations operate on a prepayment basis--that is, the dues cover the cost of services; in the other third the dues entitle the membership to the receipt of services which are paid for on a fee for service basis.

There were in 1950 between 50 and 60 rural health cooperatives of which 10 were still in the process of organization. They are located in the Middle West, South, and West. Texas has the largest number of cooperatives and the highest membership.

Membership data are not available for all associations, but of those reporting membership the majority cover fewer than 300 families. Three, however, have memberships of 1,000 or more families.

On the whole, the health picture for the rural U. S. is good. However, the over-all picture should not delude us into complacency. There are still many problems to be solved before all rural people attain the level of health enjoyed in the most advanced areas today. These are problems of education, low income and poor facilities. To overcome them will require the cooperation of government agencies, Federal, State, and local, voluntary agencies, and the rural people themselves.

Charts referred to are from Rural Family Living Chart Book, prepared for the 1952 Outlook Conference. Following are the negative numbers of the charts in order referred to:

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9426D
9427D
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THE OUTLOOK FOR FATS, OILS, AND OILSEEDS IN 1951-52

Statement by R. J. Foote, Agricultural Economic Statistician, at
the 29th Annual Agricultural Outlook Conference, Washington D. C.
November 1, 1951

The outlook for fats and oils in the 1951-52 marketing year is dominated by the large supplies of edible fats and oils in prospect. Both domestic and export demand for fats and oils will continue strong. Currently, the general level of fats and oils prices is about the same as a year earlier but, in contrast to the sharp rise which took place last year, little change is anticipated over the next 6 months. Prices next spring and summer will depend to a considerable extent on prospects for 1952 crops, as well as on international developments.

Prices of fats and oils advanced sharply following the outbreak of hostilities in Korea, reflecting some increase in actual utilization and substantial increases in inventories of both industrial and edible fat and oil products. Starting about May, domestic disappearance was reduced as consumers began to use up the accumulated stocks, and prices declined, reaching a low in July or August for most items. The price of linseed oil has advanced considerably from the low point, reflecting a reduction in the flaxseed crop. Prices of some other oils have increased slightly.

Total production of edible fats and oils may be about 5 percent larger in 1951-52 than a year earlier. Prospective supplies are large enough to allow a high level of consumption and exports as well as an increase in stocks on hand next October 1 above the relatively low level prevailing in recent years. The 1951 crop of cottonseed is expected to be almost 70 percent larger than the preceding crop. The resulting increase in cottonseed oil production will more than offset prospective declines for soybean and peanut oil, so that production of total edible vegetable oils in 1951-52 may be about 10 percent larger than in the preceding year. Output of lard is likely to be about 5 percent larger, but butter production may be slightly smaller.

Supplies of edible fats and oils are expected to be less plentiful in subsequent years. No increase in total production of oilseed crops is likely in 1952 above the record high level in 1951. Lard production in 1952-53 may be a little smaller than in 1951-52, as a small decrease is likely in the 1952 spring pig crop. Some further decline in butter production also is likely. Barring unfavorable weather, total supplies of edible fats and oils probably will be large enough to maintain both consumption and exports close to the recent high levels. However, the moderate surplus which may be available to build up present low stocks of edible fats and oils during the current marketing year probably will not recur during the 1952 marketing year.

In contrast to the edible fats and oils, supplies of drying oils are expected to become increasingly tight. Production of flaxseed in 1951 is estimated to be 18 percent smaller than in 1950, and total disappearance of flaxseed and linseed oil in 1951-52 may be over 50 percent larger than

production. Stocks of flaxseed are expected to be reduced to a minimum working level by July 1, 1952, and the large stocks of linseed oil owned by the Government probably will be reduced somewhat by both domestic and export sales. Some increase in flaxseed acreage is expected in 1952, as demand for flaxseed will be heavy and prices in 1952-53 will be supported near the present market level. Even with a substantial increase in production, disappearance in 1952-53 probably will be materially larger than production, necessitating a further reduction in Government stocks of linseed oil. If industrial activity continues at the high rate anticipated, a substantial further increase in flaxseed acreage will be required by 1953 or 1954.

Supplies of quick-drying oils will be considerably smaller than in recent years. Tung oil is the major quick-drying oil used in protective coatings in this country. However, imports of this oil from China, the main source of supply, have been embargoed since last December. About 10-20 percent of normal usage in the United States is obtained from domestically-produced tung nuts and another 20 percent may be available from Argentina. Imports of castor beans and oil in 1951-52 will be smaller than in the preceding year, reflecting reduced production in Brazil and India. Imports during the current marketing year will be supplemented by the production of about 20 million pounds of oil from domestically-produced beans. This year was the first since the turn of the century in which castor beans were a commercially important crop in the United States. An expansion of domestic production is anticipated in 1952, but most of the increase will be needed for military purposes. Castor oil derivatives are used in lubricating oils and special nylon plastics for insulating combat communications wire and, when dehydrated, it is used as a quick-drying oil in protective coatings. Supplies of quick-drying oils are expected to be adequate to meet essential defense needs. However, total domestic use in drying-oil products will be much smaller than in recent years.

Supplies of tallow and grease and of coconut oil, the principal fats and oils used in soap, are expected to be fully adequate in 1951-52 and subsequent years. Beef production is expected to increase by something like 10 percent in 1952 over 1951 and to increase further in later years. Cattle slaughter in 1951 was at a 10-year low. Barring any unusually serious developments in weather and market conditions, production and exports of Philippine copra and coconut oil will continue at a high level.

Exports of fats and oils in the past year were at a record high level, totaling 2.2 billion pounds for the 11-month period ending August 1950, compared with 1.9 billion pounds a year earlier. Lard, soybeans and soybean oil, and inedible tallow and grease were the principal items exported. During the fiscal year 1950-51, only 12 percent of the total exports of fats and oils were financed by E.C.A. and other U. S. Government funds, compared with 60 percent a year earlier. Exportable supplies of edible vegetable oils from non-dollar sources are expected to increase moderately in 1951-52. Despite these increases, supplies per capita in Western Europe will continue below prewar. As edible fats and oils represent one of the lowest-cost sources of energy, a substantial European demand for edible fats and oils from the United States is expected to continue. As a result of relatively large exports to Europe in 1950 and 1951, surplus stocks of flaxseed held in Argentina were used up during the past season. In addition, this year's crop in Argentina will be sharply reduced. Consequently, European countries probably will depend to an increasing extent on imports of flaxseed or linseed oil from the United States.

Exports of inedible tallow and grease from the United States also can be expected to continue large, as prices probably will continue low in relation to those for other fats and oils. Foreign countries are expected to earn more dollars from this country's imports of goods and services in fiscal 1951-52 than in 1950-51 and to receive more dollars from U. S. foreign grants and loans. In view of the above, it appears that exports will again be large in 1951-52.

Domestic disappearance of fats and oils in the year ending September 1951 apparently totaled nearly 11 billion pounds, compared with 10.5 billion pounds in 1949-50 and 9.9 billion in 1948-49. Per person disappearance in 1950-51 of about 70 pounds (fat content) probably was the largest on record except for 1941, when substantial amounts are believed to have "disappeared" into unreported inventories. Food uses may have been about 1 pound lower than in the preceding year but nonfood uses were up by about 2 pounds. With further increases in industrial activity and in consumer income expected in 1951-52, domestic disappearance of fats and oils, particularly in industrial products, probably will increase moderately.

A further decline in butter consumption, to reach the lowest point on record, is expected in 1951-52. Consumption per capita in 1950-51 was 10.1 pounds, down 4 percent from a year earlier. Consumption of margarine, totaling 5.3 pounds per capita, was at least 10 percent larger in 1950-51 than in the preceding year, and a further increase is expected in 1951-52. Consumption of shortening in 1951-52 probably will increase to or above the 1949-50 level of 10.7 pounds per capita. Lard consumption may remain about the same as the 12.6 pounds used in 1950-51. Combined consumption of lard and shortening may exceed the 22.0 pounds consumed in 1950-51.

Total use of fats and oils in drying-oil products was about 10 percent larger in 1950-51 than a year earlier and in miscellaneous industrial products, 20 percent larger. Further increases are expected in 1951-52. Total use of fats and oils in soap in 1950-51 was about the same as a year earlier. Despite raw material shortages, some further increase in production of synthetic detergents is possible. Hence use of fats and oils in soap may show no appreciable increase.

Price support to farmers on cottonseed produced in 1951 is being offered by CCC at \$61.50 per ton for basis grade (100) cottonseed. Loans are available to farmers and purchases of cottonseed and of cottonseed products are being made under specified conditions. With a crop about 70 percent above last year and the largest since 1937, prices received by farmers in mid-October were about \$70, 14 percent below a year earlier but 14 percent above the support level. The season average price received by farmers for 1951-crop cottonseed probably will be somewhat above the support level.

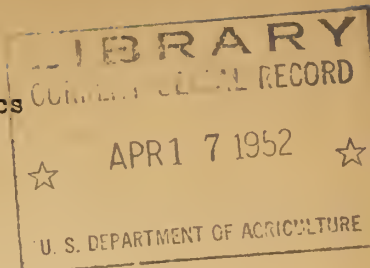
Price support to farmers for soybeans produced in 1951 is being offered through loans and purchase agreements at a national average of \$2.45 per bushel (for No. 1 or No. 2 green or yellow beans). The preliminary season average price to farmers for the 1950 crop was \$2.47 per bushel, but prices were above this level in all months except October. In mid-October this year prices were 17 cents per bushel above the support level. With little change in oil and meal prices expected, the season average price for soybeans may be close to the current level.

The national average support price at the farm level for 1952-crop flaxseed grading No. 1 will be \$3.77 per bushel. The support price for 1951-crop flaxseed now being marketed is \$2.65 per bushel. Flaxseed in mid-October sold for \$3.78 per bushel at the local market level, compared with the preliminary season average price in 1950-51 of \$3.35. Flaxseed prices may continue relatively high during the rest of the marketing season.

* This is a summary of the 1952 Outlook issue of *
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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Administration
Bureau of Human Nutrition and Home Economics



THE EMPLOYMENT OF RURAL WOMEN

Talk by Pauline S. Taylor, Family Economics Division,
at the 29th Annual Agricultural Outlook Conference,
Washington, D. C., November 1, 1951

Many of you are aware, I am sure, of the increasing numbers of married women who are working. You know, too, that accompanying this increase in the number of employed wives and mothers are special problems and needs which arise in families where the homemaker plays a dual economic role. But you may feel that this is an urban problem, one with which people who work with rural and farm families need not be too concerned. But many more married women who live in rural areas or on farms are in the labor force today than most people realize.

Just how many married women are in the labor force? Let me explain briefly what we mean by labor force since many of our data are in those terms. To be in the labor force, one must be either employed or actively seeking employment. For a rural or farm woman, then, this might mean that she was a farm operator or a hired farm worker. Or she might be doing nonfarm work--or seeking work off the farm. Or she might be doing unpaid family labor on the family farm or business for 15 hours a week or more.

In March 1950, in the country as a whole, one out of every 4 women who were living with their husbands, was in the labor force (Chart BHWHE 9408-D). When we consider where these women live who are employed, we find that 26 percent of the wives who live in urban areas are employed, 22 percent of those who live in villages and other rural nonfarm areas are working or seeking employment, while 17 percent of the wives who live on farms are in the labor force.

The farm bar indicates that 1 out of 6 married women living on farms is in the labor force. It should be pointed out that this information was collected in a week in March when the agricultural employment of women is at a low ebb, and so it is an underestimate of the annual average of the number of farm wives who work in agriculture.

Just how many of these women are doing farm work--and how many are doing nonfarm work? As near as we can estimate, a little over 7 out of the 17 percent of these married farm women are doing agricultural work. Most of this 7+ percent is made up of unpaid family workers, since few women living with their husbands are farm operators and very few women are in the hired farm labor force in March. Somewhere between 9 and 10 out of the 17 percent--or a little over half (56 percent) of this bar--is accounted for by farm homemakers doing nonfarm work. This means then, that almost one farm wife in every 10 in March 1950 was doing nonfarm work. This, in turn, meant that she was spending time away from her home and any children she might have. That the Census survey was taken in March would not affect the number doing nonfarm work, as it does the number doing farm work.

As we have pointed out, this chart relates only to married women living with their husbands. If we added on to the farm and rural nonfarm bars those women in broken families who are either widowed or divorced or separated from their husbands, so that the bars would include all women "ever married" who were living on farms or in rural nonfarm areas, then each of these bars would be increased by 1 percent. The rural farm and nonfarm women in the labor force who are widowed or divorced then, are small groups.

What sorts of jobs do women take when they enter the labor force? Although women were branching into almost every field before the war, there is no doubt that the war made it possible for them to enter fields--particularly in industrial plants--which had been for the most part men's domain.

What about farm women? What kinds of nonfarm work do farm women do? A study conducted by the Bureau of Human Nutrition and Home Economics in Illinois in 1946 gives us some idea of the variety of jobs that farm women have (Chart BHNHE 9410-D). This analysis includes only farm operator families and is confined to women with paying jobs or women farm operators--that is, it excludes women doing unpaid family work. It included all women in the family--not just wives--who have paid jobs, except those who are living at home but are financially independent. You will note, that 20 percent of the earning farm women in this group were farm operators, 18 percent clerks or saleswomen, 14 percent were teachers, 14 percent had an income from household crafts, 12 percent were working in factories and 6 percent in domestic service. Four percent, not shown in the chart, were working as hired farm workers sometime during the year.

When only wives of operators and female family heads are considered--and these incidentally make up 70 percent of the women represented on this chart--then the farm operator bar and the household crafts bar go up, while the clerical and domestic bars go down.

This chart cannot be looked upon as a typical occupation distribution. Work opportunities vary from area to area. However, it serves to illustrate the variety of occupations in which farm women are employed in an important agricultural State.

In working with families, it is important to know who works? What are the factors which determine that some women work and others don't? We have some interesting evidence on this score.

Whether or not a married woman works is determined to a considerable extent by the age of her children--particularly whether or not she has children of pre-school age (Chart BHNHE 9408-D). Here we have a chart which shows us the percent of married women in the U. S. who were in the labor force in March 1950, by the age of their children. These women were all living with their husbands. You'll note that only 12 percent of the women with children under 6, that is, pre-school age, were in the labor force, while 28 percent of the married women were working who had children in school--in the age group from 6 to 17 years--but had no children under 6. Thirty percent of the married women who had no children at home under 18 were employed or seeking employment. This chart indicates that married women feel much freer to work--indeed, do work in greater numbers--when they have no children of pre-school age.

Another factor in the picture influencing whether or not a woman is in the labor force is her own age. Just how this factor operates is dependent largely upon the over-all economic situation. When employment opportunities are good, age is much less important, for there are jobs for everyone who wants them. The past decade, which has been a period of high employment, has seen increasing numbers of older women in the labor force (Chart BENHE 9409-D). This chart shows the employment of women by 3 age groups for 1940, 1950, and the year of peak employment during the war--1944. In examining the situation in 1940 with that of a decade later, we see that a greater proportion of women 55 years old and over were working in 1950 than in 1940. Specifically, only 13 percent of the women in this country who were 55 years and over were in the labor force in 1940, while by 1950, almost 20 percent were employed or seeking employment. When women 35-54 years old are considered the story is the same: 27 percent were in the labor force in 1940; by 1950 this group had increased to 39 percent.

Let's look at the picture in 1944 to see the effect of the war on the employment of older women. You'll note that for both of these older age groups, there was a marked increase in the number of women working in 1944, at the height of wartime employment, from the number who had been working in 1940. That is to be expected. However, when you compare 1944 with 1950, you see that there were even more of these older women employed in 1950 than had been working at the peak of the war effort in 1944.

When we consider the younger women, however--those in the age group from 20-34 years old--we see that the proportion of this group in the labor force, although increasing from 1940 to 1944 in the face of war labor demands, decreased with demobilization and the return of men to family circles. Unlike women of 35 and over, fewer younger women were working in 1950 than in 1940.

Thus contrary to the expectation of many, it is the women over 35 who, encouraged to enter the labor force during the war, have remained--with continued high job opportunities. No doubt many of these women have felt the need to work in the face of the lessening value of their family's real income in the postwar years. Too, at an age when their home responsibilities are lessened and they have more leisure time, many of these women are enjoying their employment experience. In view of the increase in the number of older people that Mrs. Hagood discussed, this employment of older women, especially, is an encouraging sign, but one, certainly, that leans heavily upon high employment opportunities.

We've seen now, just how large a role married women play in our labor force, what they do, and who works. The question logically follows: Why do married women work? They work, in a vast majority of the cases, because of economic pressures. Growing numbers of women--because of their family situation--are the single breadwinner and have no choice. Others join the labor force because their family income cannot stretch to make ends meet without their help. In these days of the inflated dollar, still others work to maintain their present level of living. A potent force behind the increase in the number of multiple earner families, then, is the need for additional income. As we would expect, family income increases as more earners contribute (Chart BENHE 9407-D). Here we have a chart which shows us in 1949 family income by number of earners and by where these families live. The black gives us the

family income of farm families, the grey of rural nonfarm families, and the white of urban families. In 1949 the median net income of farm families with 2 earners was approximately \$1,800 while that for families with only 1 earner was \$1,450. In rural nonfarm families, the one-earner family's income averaged almost \$2,600, while the 2-earner family's was almost \$800 more--about \$3,350. This is money income and is based on the money income of family members earning \$1 or more during the year. You'll notice that the money contribution of the 2nd or 3rd earner is much less proportionately, than that of the 1st earner. The second or third earner may only work part time or may not command the wages or income the first earner does.

There is another reason why women work other than their need for money. A psychological need for creative activity when a woman reaches that stage in her family life cycle in which her family is grown and she has much more leisure time on her hands is a very important reason why women work. It is at this stage that many women seek and find deep satisfaction in employment, provided, of course, that employment is available to them.

What is the outlook for married women working? All of us know that, in times like these, married women constitute our principal reservoir of labor... and this reservoir tends to flow into the labor force as certain pressures are brought to bear. Let's see if any of these pressures are operating. We have been told this week that the outlook is for a continued high employment. And that, of course, means more job opportunities for women. Accompanied by these high employment opportunities is the outlook for continued high prices, with perhaps even slightly higher prices in prospect. This combination of job opportunities plus high prices is a powerful one and one that is likely to direct many married women into the labor market. These are general pressures which affect the employment of married women regardless of where they may live.

In addition, there are pressures operating on rural women particularly, which will tend to pull them into the labor force. First there are those which might pull more farm women into agricultural work. Mrs. Hagood has told us about the great exodus of people from the farms in the past year, particularly the single young adults. If labor should become scarce in farm areas, as the sons are drafted or as they and the daughters and hired hands leave the farm for city employment, it is the wife and mother who may have to step in and share the burden of farm work, unless, of course, the whole family has left the farm. There is no doubt that wives and mothers are going to provide a larger share of the farm labor force. Certainly this situation will be highly aggravated if out-and-out war comes.

Then there are trends which are encouraging particularly the nonfarm employment of rural women. One factor contributing job opportunities to rural women is the marked expansion of suburban areas and the increasing movement of city earner families to rural areas. Such families create demand for goods and services--domestic work, sales jobs in stores, clerical jobs and the like--and so provide job opportunities close by for many rural and farm women. Then, with the encouragement of decentralization of industry, some rural areas are seeing industrial jobs, particularly defense jobs, available in their very communities. Such trends combined with continued high employment and high prices point to the employment of a larger proportion of rural married women in nonagricultural pursuits.

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